TABLE OF CONTENTS

Page No.

Title Page

Table of Contents 1

Alphabetical Index of TSEP Application (Project) Reports for the 2011Biennium 4

Part 1 Executive Summary 6

Part 2 Actions Taken by TSEP Since the 2007 Legislature 8

Part 3 Key Issues for the 2009 Legislature 10

Part 4 Funds Available to the 2009 Legislature 13
- **Diagram 1 – Coal Severance Tax Deposits into the Coal Trust Fund 14**
- **Table 1 – Treasure State Endowment Fund Deposits and Interest Earnings 15**

Part 5 TSEP Application Evaluation, Ranking and Recommendation Process
- **Process MDOC Uses to Recommend TSEP Projects for Funding 16**
- **Step 1 of the Process – Ranking of Seven Statutory Priorities 16**
  - **Table 2 – TSEP Applications - Scores on the Seven Statutory Priorities and Final Ranking Recommendations for the 2011 Biennium 19**
- **Step 2 of the Process – Financial Assistance Analysis 21**
  - **Table 3 – TSEP Financial Assistance Analysis/Grant Award Recommendations for the 2011 Biennium 22**
- **Diagram 2 – Map showing the location of each proposed construction project 23**

Part 6 TSEP Application (Project) Reports for the 2011 Biennium

Index of Reports 24

Glossary of Abbreviations Used in the TSEP Application (Project) Reports 26

Project #1	**Philipsburg, Town of**	**28**
Project #2	**Ravalli County**	**34**
Project #3	**Sweet Grass County**	**38**
Project #4	**Melstone, Town of**	**43**
Project #5	**Fergus County**	**47**
Project #6	**Rudyard County Water & Sewer District**	**51**
Project #7 (tie)	**Cascade, Town of**	**56**
Project #7 (tie)	**Powell County**	**61**
Project #9	**Wolf Creek County Water & Sewer District**	**66**
Project #10	**Judith Gap, Town of**	**71**
Project #11	**Gardiner Park County Water & Sewer District**	**77**
Project #12	**Winifred Town of**	**82**
Project #13	**Beaverhead County**	**87**
Project #14	**Sweet Grass Community County Water & Sewer District**	**92**
Project #15	**Nashua, Town of**	**97**
Project #16	**Laurel, City of**	**102**
Project #17	**Homestead Acres Water & Sewer District**	**107**
Project #18	**Crow Tribe**	**112**

Project #19 (tie)	**Carbon County**	**117**
Project #19 (tie)	**Lewis and Clark County**	**123**
Project #21	**Madison County**	**129**
Project #22	**Cut Bank, City of**	**135**
Project #23 (tie)	**Broadview, Town of**	**140**
Project #23 (tie)	**St. Ignatius, Town of**	**145**
Project #25 (tie)	**Jefferson County**	**149**
Project #25 (tie)	**Stillwater County**	**154**
Project #27	**Wibaux, Town of**	**159**
Project #28	**Granite County**	**164**
Project #29 (tie)	**Missoula County (for Seeley Lake)**	**168**
Project #29 (tie)	**Seeley Lake Sewer District**	**175**
Project #31	**Bigfork County Water & Sewer District**	**182**
Project #32	**Choteau, City of**	**187**
Project #33	**Valier, Town of**	**192**
Project #34	**Carter Choteau County Water & Sewer District**	**197**
Project #35	**Hardin, City of**	**202**
Project #36	**Upper & Lower River Road Water & Sewer District**	**208**
Project #37	**Gildford County Water & Sewer District**	**213**
Project #38 (tie)	**Big Sandy, Town of**	**218**
Project #38 (tie)	**Ronan, City of**	**224**
Project #39	**Dutton, Town of**	**229**
Project #41	**Blaine County**	**234**
Project #42	**Loma County Water & Sewer District**	**239**
Project #43	**Harlowton, Town of**	**245**
Project #44	**Kevin, Town of**	**249**
Project #45	**Flathead County (for Bigfork)**	**255**
Project #46	**Woods Bay Homesites Water & Sewer District**	**260**
Project #47	**Shelby, City of**	**266**
Project #48	**Whitefish, City of**	**271**
Project #49 (tie)	**Eureka, Town of**	**276**
Project #49 (tie)	**Troy, City of**	**282**
Project #51	**Fallon County North Baker Water & Sewer District**	**287**
Project #52	**Sheaver's Creek Water & Sewer District**	**292**
Project #53	**Yellowstone County**	**298**
Project #54	**Gore Hill County Water District**	**303**
Project #55	**South Chester County Water District**	**308**
Project #56	**Livingston, City of**	**313**
Project #57	**Flathead County Water & Sewer District (Happy Valley)**	**318**
Project #58	**Bynum Teton County Water & Sewer District**	**322**
Project #59	**Bozeman, City of**	**327**
Project #60	**Fort Smith Water & Sewer District**	**332**
Project #61	**Jette Meadows Water & Sewer District**	**337**
Project #62	**Greater Woods Bay Sewer District**	**342**
Project #63	**Em-Kayan County Water & Sewer District**	**348**
Project #64	**Stevensville, Town of**	**353**
Project #65	**Bridger Pines County Water & Sewer District**	**359**

Appendices

A. TSEP Statutes 365

B. Seven TSEP Statutory Priorities, Scoring Criteria and Scoring Level Definitions 367

C. Status of Uncompleted Projects that were Previously Appropriated TSEP Funds 392

D. TSEP Preliminary Engineering Grants Awarded by the Department 420

Tables

1. Treasure State Endowment Funds – Deposits and Interest Earnings 15

2. TSEP Applications – Scores on the Seven Statutory Priorities and Final Ranking Recommendations for the 2011 Biennium 19

3. TSEP Financial Assistance Analysis/Grant Award Recommendations for the 2011 Biennium 22

Diagrams

1. Coal Severance Tax Deposits into the Coal Trust Fund 14

2. Map showing the location of each proposed construction project 23

ALPHABETICAL INDEX
FOR TSEP APPLICATION (PROJECT) SUMMARIES FOR THE 2011 BIENNIUM

Name of Applicant	Project Ranking	Page No.
Beaverhead County	Project # 13	87
Bigfork County Water & Sewer District	Project # 31	182
Big Sandy, Town of	Project # 38 (tie)	218
Blaine, County of	Project # 41	234
Bozeman, City of	Project # 59	327
Bridger Pines County Water & Sewer District	Project # 65	359
Broadview, Town of	Project # 23 (tie)	140
Bynum Teton County Water & Sewer District	Project # 58	322
Carbon County	Project # 19 (tie)	117
Carter Choteau County Water & Sewer District	Project # 34	197
Cascade, Town of	Project # 7 (tie)	56
Choteau, City of	Project # 32	187
Crow Tribe	Project # 18	112
Cut Bank, City of	Project # 22	135
Dutton, Town of	Project # 39	229
Em-Kayan County Water & Sewer District	Project # 63	348
Eureka, Town of	Project # 49 (tie)	276
Fallon, County of	Project # 51	287
Fergus, County of	Project # 5	47
Flathead County (for Bigfork)	Project # 45	255
Flathead County Water & Sewer District (Happy Valley)	Project # 57	318
Fort Smith Water & Sewer District	Project # 60	332
Gardiner Park County Water & Sewer District	Project # 11	77
Gildford County Water & Sewer District	Project # 37	213
Gore Hill County Water District	Project # 54	303
Granite, County of	Project # 28	164
Greater Woods Bay Sewer District	Project # 62	342
Hardin, City of	Project # 35	202
Harlowton, Town of	Project # 43	245
Homestead Acres Water & Sewer District	Project # 17	107
Jefferson County	Project # 25 (tie)	149
Jette Meadows Water & Sewer District	Project # 61	337
Judith Gap, Town of	Project # 10	71
Kevin, Town of	Project # 44	249
Laurel, City of	Project # 16	102
Lewis and Clark County	Project # 19 (tie)	123
Livingston, City of	Project # 56	313
Loma County Water & Sewer District	Project # 42	239
Madison County	Project # 21	129
Melstone, Town of	Project # 4	43
Missoula County (for Seeley Lake)	Project # 29 (tie)	168
Nashua, Town of	Project # 15	97
Philipsburg, Town of	Project # 1	28
Powell County	Project # 7 (tie)	61
Ravalli County	Project # 2	34
Ronan, City of.	Project # 38 (tie)	224
Rudyard County Water & Sewer District	Project # 6	51

Seeley Lake Sewer District ..... **Project # 29 (tie)** **175**
Sheaver's Creek Water & Sewer District ..... **Project # 52** **292**
Shelby, City of ..... **Project # 47** **266**
South Chester County Water District ..... **Project # 55** **308**
St. Ignatius, Town of ..... **Project # 23 (tie)** **145**
Stevensville, Town of ..... **Project # 64** **353**
Stillwater County ..... **Project # 25 (tie)** **154**
Sweet Grass Community County Water & Sewer District ..... **Project # 14** **92**
Sweet Grass County ..... **Project # 3** **38**
Troy, City of ..... **Project # 49 (tie)** **282**
Upper and Lower River Road Water & Sewer District ..... **Project # 36** **208**
Valier, Town of ..... **Project # 33** **192**
Whitefish, City of ..... **Project # 48** **271**
Wibaux, Town of ..... **Project # 27** **159**
Winifred, Town of ..... **Project # 12** **82**
Wolf Creek County Water & Sewer District ..... **Project # 9** **66**
Woods Bay Homesites Water & Sewer District ..... **Project # 46** **260**
Yellowstone County ..... **Project # 53** **298**

PART 1

EXECUTIVE SUMMARY

1. The Treasure State Endowment Program (TSEP) was authorized by Montana voters with the passage of Legislative Referendum 110 in 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA. The program is administered by the Montana Department of Commerce (MDOC). Eligible TSEP applicants include cities, towns, counties, consolidated governments, tribal governments, and county or multi-county water, sewer, or solid waste districts. Eligible TSEP projects include drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges. See Appendix A for the complete text of the statute.

2. Eligible TSEP applicants may submit one application each funding cycle for up to $750,000 for a TSEP grant to assist with funding the construction of an eligible project. For the 2011 biennium, 65 applications from local governments were submitted to the department requesting $33,757,542 in TSEP grant funds for local public facility construction projects.

3. Based on revenue projections from the Governor's Office of Budget and Program Planning (OBPP), the department has estimated that $16,083,889 in interest earnings from the treasure state endowment fund would be available for awarding TSEP grants to local governments to construct public facility projects. This is a net figure, after deducting administrative expenses for operating the program, $100,000 for emergency projects, $900,000 for preliminary engineering grants, and $3,600,000 for loan repayment expenses. See Part 4 for more information on the amount of funds that would be available during the 2011 biennium.

4. Based on $16,083,889 being available for grants, 33 projects have been recommended for funding. Three additional projects are recommended for funding contingent upon sufficient TSEP funds being available. See Tables 2 and 3 in Part 5 for more information on the rank order of projects and the amounts recommended. Diagram 2 in Part 5 is a map showing the location of each proposed construction project. See Part 6 for a description, evaluation and recommendation for each application.

5. The review and ranking of TSEP applications is a two-step process. First, the department is required by statute to review and rank TSEP project proposals and prepare a list of recommended projects, based on seven statutory priorities. Secondly, the department is also required by statute to recommend the amount of the grant assistance for each project. The Governor reviews the department's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. See Part 5 for more information about the review and ranking of TSEP applications.

6. The 2007 Legislature appropriated $600,000 to be used by the department to provide matching grants to local governments for preliminary engineering studies. The department awarded 42 matching grants for preliminary engineering studies to local governments with the 2009 biennium funds. The 2007 Legislature also appropriated $100,000 for emergency projects. The department funded four emergency projects to date with the 2009 biennium funds. See Part 2 for more information about the actions that the program has taken since the 2007 Legislature.

7. There are two TSEP related issues being brought before the Sixty-first Legislature. The first is HB 11, which is the funding bill for TSEP. The primary purpose of HB 11 is to appropriate funds from the treasure state endowment fund for construction projects that are approved by the Legislature. In addition, HB 11 would appropriate funds to be used by the department to award grants for preliminary engineering studies and grants for emergency projects. Finally, HB 11 would appropriate funds from the treasure state endowment regional water system fund to provide the state's share for regional water system projects

during the biennium. See Part 3 for more information about what is contained in HB 11. The second issue before the Legislature is a request by the department to authorize an additional civil engineer for the TSEP program. Part 3 also provides more detail about this request.

8. The department's research findings indicate that the principal reason why local public facilities are deficient is that most options for correcting deficiencies are simply not considered affordable by local residents. This finding is especially true for most of Montana's communities because these facilities are very expensive to construct, the cost is usually divided among a relatively small number of users, and the community may also need to upgrade other facilities at the same time. An article in the Montana Policy Review published in the Fall of 1992 by Kenneth L. Weaver, director of the Local Government Center at Montana State University, titled "*The Treasure State Endowment Program: A Question of Incentives*," reported that low interest loans may not provide sufficient incentive to communities to take on an expensive infrastructure project that will create user fees that will not be affordable to the users of the system. In summary, the article discussed how most of Montana's communities need significant grants to write down the total cost of projects and that some jurisdictions simply cannot service the long-term debt of a loan at any rate of interest. The TSEP program has been designed to help address this "affordability" problem.

9. Since the inception of the program, almost all TSEP applications had been for matching grants. Even when local governments had asked for or were awarded TSEP loans, the loans were never utilized. Grants have been the preferred type of TSEP funding by local governments for various reasons. The first and most important reason is the affordability issue discussed above, which indicates that grants are needed to make most local projects financially feasible and affordable. Secondly, if a loan is appropriate, there are other state and federal loan programs available with better interest rates and terms for water and wastewater projects. Finally, grant funds are extremely limited. As a result, the TSEP enabling statute was amended by the 2005 Legislature to eliminate loans as a type of TSEP funding, along with annual debt service subsidies and deferred loans for preliminary engineering study costs.

10. During the original legislative discussion of TSEP, legislators stated that applicants should make the maximum effort to pay for local public facility projects with their own resources before they ask the state to subsidize a local project. There was also a strong consensus among the local officials and legislators that participated in the original public hearings on TSEP that communities should participate in the funding of any public facility project in proportion to their financial resources. The challenge is to try to define a reasonable minimum level of local financial effort. In addition, the department needed an equitable way to determine whether an individual TSEP applicant needed a TSEP grant, loan, or a grant/loan combination to make the applicant's project affordable and feasible, while ensuring that the applicant was proposing a reasonable level of local financial effort. In order to ensure that an adequate level of local financial effort is achieved, the department has established "target rates" that applicants are expected to reach before grant funds are recommended for the project. Target rates are based on a percentage of a community's median household income, making target rates unique financial measures for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial capacity of each applicant. See Part 5 for more information on the TSEP financial analysis procedures.

PART 2

ACTIONS TAKEN BY TSEP SINCE THE 2007 LEGISLATURE

Applications Reviewed

The program received 65 applications in 2008: 25 drinking water projects, 22 wastewater projects, three combined water and wastewater projects, one stormwater project, two solid waste projects, and 12 bridge projects.

Active Projects Administered

Projects are considered “active” from the time they have been awarded funding by the Legislature until they are substantially complete and "conditionally closed out." During this time period, the program’s staff assists the local government in administering program funds and managing the project. Active projects are conditionally closed out when the project has been completed and accepted by the local government, and the local government has submitted documentation describing what was actually accomplished and expended by each funding source for the project. Once the project is conditionally closed out, the final disbursement of TSEP funds is provided to the local government.

The department started the 2009 biennium with approximately 67 active TSEP projects. There were 106 active projects at the end of FY 2008 and it is estimated that there will be approximately 101 active projects at the beginning of the 2011 biennium, which will include the new projects that will be awarded TSEP funds by the 2009 Legislature. A summary of all previously authorized projects that are still active is presented in Appendix C. Each project summary provides current information about the project, including the sources of funding and its status.

Preliminary Engineering Grants Awarded

The TSEP matching grants for preliminary engineering have proven to be an important resource for smaller communities, counties, and county water and sewer districts to initiate local public facility projects. Of the 65 applications reviewed in 2008, 42 of the local governments received a TSEP matching grant to help fund their preliminary engineering study. The department awarded 42 preliminary engineering matching grants during the 2009 biennium; eight of those local governments have not yet completed their preliminary engineering studies. One preliminary engineering study awarded in 2004 and two in 2006 have also not yet been completed. See Appendix D for a complete listing of the preliminary engineering grants that were awarded by the department during the 2009 biennium, and the studies not yet completed from previous biennia.

Emergency Grants Awarded

The 2007 Legislature appropriated $100,000 to be used by the department to award grants to local governments for emergency public facility projects that were too urgent for legislative approval. The department has established a general limit of $30,000 per project. Four emergency projects have been funded to date totaling $64,728:

- Brady - $10,600 was awarded on July 11, 2007, to resolve a water system emergency. The funds were used to replace a backwash pump and two turbidimeter pumps at the water treatment plant. The total amount of the grant has been disbursed.

- Brockton - $30,000 was awarded on June 19, 2007, to resolve a water system emergency. The funds were used to install a properly encased water line that runs underneath a set of mainline railroad tracks. The water line under the tracks failed in February of 2007 and was replaced by a temporary, uncased line shortly thereafter. The total amount of the grant has been disbursed.

- Powell County - $11,200 was awarded on November 16, 2007, to temporarily fix a bridge that crosses the Little Blackfoot River on Beck Hill Road, which is approximately 12 miles north of Deer Lodge. The bridge was closed due to imminent failure after being advised by MDT. The bridge was scheduled to be replaced by MDT in 2010, but the bridge was needed to be kept open in order to provide access to local residences. The funds were used to install steel planking. The project is complete and a total of $9,794.85 was disbursed.

- Judith Basin County - $12,928 was awarded on October 20, 2008, to replace a bridge that is located about two miles south of Sapphire Village, just off the South Fork Road. The bridge was closed because the county determined that failure of the bridge was imminent. The total amount to replace the bridge is estimated at $99,734. The project has been completed, but no funds have been requested; therefore, no TSEP monies have been disbursed as of the printing of this report.

Revision of the TSEP Application Guidelines

There were various changes to the *TSEP Application Guidelines* adopted in 2008. The most significant changes included:

- Modified the amount that can be requested for a construction project. In order to qualify for the maximum of $750,000, the applicant's combined user rates must be at least 150% of the community's "target rate" (based upon the projected monthly rates with TSEP assistance) upon completion of a proposed water, wastewater project, storm drain, or solid waste project. If the combined user rates are projected to be between 125% and 150% of the community's "target rate," applicants are eligible to apply for no more than $625,000. Applicants whose combined user rates are less than 125% of the community's "target rate" are limited to a maximum of $500,000. Counties with bridge projects are limited to a maximum of $500,000, unless the county can clearly demonstrate that extenuating circumstances exist.
- A limit was placed on the amount that would be recommended if user rates are simply raised beyond what is necessary to construct the project in order to qualify for a higher grant amount.
- Changed the amount allowed per benefited household from $15,000 to $20,000.
- Eliminated the limitation of $15,000 per household for economic development related projects, when those benefiting from the project are primarily businesses and there are few or no households.
- Applicants were notified that a time limit on holding a construction grant will be included in the next HB 11. Grantees will be required to meet start-up conditions by December 31, 2012, or the grant contract will be terminated.
- Other state grants are allowed to match a PER grant in hardship cases.
- Counties can submit one PER application to study its bridge system and another application to study an unincorporated area that is not served by a community water or wastewater system.
- An engineer must be procured within six months of the PER grant award or the contract may be terminated. Grant agreements will not be extended unless the grantee can demonstrate substantial progress and show good cause for extending the date.
- Changed the scoring of Statutory Priority #3. Using four levels rather than five levels to score it.
- An application must receive a minimum of 2,700 points in order to be recommended for a grant.
- Added scoring level definitions for all statutory priorities (except #2), including project specific examples for Statutory Priority #1.
- Eliminated multiplying the target percentage times a multiplier (a percentage) when computing the target rate, which resulted in the target rate increasing.

PART 3

KEY ISSUES FOR THE 2007 LEGISLATURE

House Bill 11

House Bill 11 is the primary TSEP-related legislation that is being brought before the Legislature by the Department of Commerce. Passage of HB 11, as it will be introduced, would:

- Appropriate funds from the treasure state endowment fund to award matching grants to local governments for the construction of infrastructure projects (Sections 1 through 4 of the bill),
- Appropriate funds from the treasure state endowment fund to the Department in order to award matching grants to local governments for preliminary engineering (Section 6),
- Appropriate funds from the treasure state endowment fund to the Department in order to award grants for emergency infrastructure projects (Section 5), and
- Appropriate funds from the treasure state endowment regional water system fund to provide the state's share for regional water system projects during the biennium (Sections 7 through 10).

❑ Appropriate Funds from the Treasure State Endowment Fund to Award Matching Grants for the Construction of Infrastructure Projects

The main focus of HB 11 is the appropriation of funds from the treasure state endowment fund to award matching grants to local governments for the construction of infrastructure projects. A major complicating factor in determining how much will be available to fund construction grants is the fact that the 2007 Legislature awarded funding to 56 projects, even though there was only enough projected revenues to fund approximately 30 projects. HB 512, which provided the appropriation for the TSEP projects, included a provision that requires the program to obtain a loan from the Board of Investments in order to have sufficient funds to provide grants to all projects that meet start-up conditions by June 30, 2009. One of the start-up conditions is having a complete funding package firmly committed to the project. If a grantee fails to meet the start-up conditions by June 30, 2009, the grant will be terminated. As a result of the provision, the department will not know how much it will need to borrow until July 1, 2009. Depending on the amount borrowed and the terms of the loan, the program will need to start to repay the loan, which in turn will reduce the amount that is available to the Legislature to fund construction grants. The Governor's Office of Budget and Program Planning (OBPP) has estimated that potentially as much as $3,600,000 will be needed during the 2011 biennium to begin repaying the loan.

After taking into account the revenue projections from OBPP, and subtracting out all expenses, which includes the amount estimated to be needed to begin the loan repayment, the department has determined that $16,083,889 would be available for construction grants during the 2011 biennium. For more detailed information on how the amount available for construction grants was calculated, see Part 4 - Funds Available to the 2009 Legislature. As a result, 33 projects would be able to be funded. Three additional projects are recommended for funding contingent upon sufficient TSEP funds being available.

❑ Appropriate Funds from the Treasure State Endowment Fund to the Department in order to Award Matching Grants for Preliminary Engineering

The department is requesting that $900,000 be appropriated from the treasure state endowment fund to be used by the department to award matching grants for preliminary engineering studies. The amount of funds for preliminary engineering grants has been increased in anticipation that the need for these grants will rise. The Department of Environmental Quality (DEQ) is in the process of increasing the number of staff that enforces the various regulations of DEQ and the U.S. Environmental Protection Agency. An increase in

enforcement actions would likely result in an increase in the number of existing water and wastewater systems needing to be repaired or modified, or new systems needing to be built. Any project with a significant scope of work would require that a preliminary engineering study be completed first.

- **Appropriate Funds from the Treasure State Endowment Fund to the Department in order to Award Grants for Emergency Infrastructure Projects**

The department is also requesting that $100,000 be appropriated from the fund to be used by the department to award grants for emergency infrastructure projects needed to address critical public health and safety issues that would not be able to wait for legislative approval.

- **Appropriate Funds From the Treasure State Endowment Regional Water System Fund to Provide the State's Share for Regional Water System Projects**

Finally, HB 11 appropriates funds from the treasure state endowment regional water system fund to provide the state's share for regional water system projects during the biennium. There are two federally authorized regional water projects in Montana one of which has moved to the construction phase, Fort Peck - Dry Prairie, and the second has moved to the final design phase, Rocky Boy - North Central. Two additional regional water systems are in the planning stages, the Musselshell Valley Regional Municipal Water Project and the Dry-Redwater Project.

The funds would be appropriated to the Department of Natural Resources and Conservation (DNRC), which manages those funds and the regional water projects. The DNRC has the oversight responsibility for these projects and currently administers both administrative contracts and construction contracts with the state regional water authorities associated with the two federal projects. Contact Ray Beck, Administrator of the Conservation and Resource Development Division, at 444-6671, for more information about the regional water system projects and this appropriation.

Request for an Additional FTE

The department is also requesting that the Legislature authorize an additional civil engineer for the TSEP program. During the 2007 Legislature, Senator Jerry Black sponsored SJR 11, which called for an interim study of TSEP. One of the issues specifically highlighted by Senator Black in the committee hearings in the Senate and House, and on the Senate floor, was the apparent conflict of interest that existed by having the technical review and scoring of TSEP applications conducted by a panel of consulting engineers from firms, some of which also had funding applications in the TSEP competition.

Several senators expressed their concern about this arrangement during the SJR 11 hearing before the Senate Finance and Claims Committee after hearing public testimony criticizing the current review procedures. Senator David Wanzenried told his fellow Committee members that he had requested a review of the TSEP application ranking procedures by the Legislative Auditor in 2002, in response to a citizen complaint about the apparent potential for conflict of interest involved in the technical scoring of TSEP applications. In a March 29, 2002 letter, Legislative Auditor Scott Seacat stated, "While the department has taken steps to address the issue of potential conflict of interest, the 'appearance' of conflict of interest still exists."

SJR 11 passed the Committee on a 17-0 vote and the Senate by a 46-3 vote. The House Appropriations Committee did not take action on SJR 11 before the session adjourned.

The Department believes that the best long-term solution to this problem is to have adequate in-house engineering staff to be able to conduct the technical review internally. The Department believes that adding an additional civil engineer to the TSEP staff would allow both TSEP and the federally-funded Community Development Block Grant Program (CDBG) to provide adequate technical review of public facility applications without the use of outside consulting engineers. The Governor's Office of Budget and Program Planning

approved a modified FTE and an additional engineer was hired in February, 2008. The two TSEP engineers conducted the entire technical review of the TSEP and CDBG applications in 2008 without the use of consulting engineers.

The department thinks that by using in-house staff to conduct the technical review, it is likely to cost less and also provides additional year-round staff to assist with engineering-related issues in the Department. In the 2007 biennium, the Department spent approximately $175,000 to review the TSEP applications in 2006 and the CDBG applications in 2005 and 2006. Furthermore, the amount paid per application reviewed would need to be increased in the future. The department budgeted approximately $94,000 per year for the additional engineer. As a result, the cost should be comparable to what we have been spending to hire consultants for very limited services. The new position would not increase the overall TSEP budget, since the funding would simply be shifted from operating expenses to personal services expenses.

PART 4

FUNDS AVAILABLE TO THE 2005 LEGISLATURE

Under 17-5-703, MCA, there is a separate sub-fund called the treasure state endowment fund (the "TSE fund"), established within the coal severance tax trust fund (the "trust") to generate ongoing funding for TSEP projects. As a sub-fund of the trust, the TSE fund principal is afforded the same constitutional protection as the principal in the trust. The Montana constitution states, "The principal of the trust shall forever remain inviolate unless appropriated by a vote of three-fourths of the members of each house of the Legislature."

On July 1, 1993, $10 million was transferred from the trust to the TSE fund, and 50% of the coal severance taxes started transferring from the trust to the TSE fund each year for a 20-year period. In 1999, the Legislature increased the percent of the coal severance taxes earmarked for the TSE fund from 50% to 75 %. Beginning on July 1, 2003, the percent of the coal severance taxes earmarked for the TSE fund returned to 50% as a result of legislation passed by the 2001 Legislature. The 2001 Legislature also extended the number of years that coal severance taxes transfer from the trust to the TSE fund; the flow of coal severance taxes will terminate in 2016 instead of 2013.

The diagram on the next page illustrates the mechanics of the flow of funds into the trust, and then into the treasure state endowment fund. The interest earnings on the principal of the TSE fund provide the funds for administering the program and for the TSEP grants. Table 1 on page 15 shows the actual deposits into the TSE fund, along with the interest earnings, from FY 1994 to FY 2008.

The Governor's Office of Budget and Program Planning (OBPP) revenue projections show that $21,800,000 in TSE fund interest earnings would be available for the 2011 biennium. In addition, the department proposes a beginning fund balance of $69,847, which includes:

- $14,662 recovered from closed-out 2005 and 2007 biennium preliminary engineering grant awards not spent,
- $9,993 recovered from 2007 biennium emergency grant funds not spent,
- $13,374 recovered from FY 07 administrative budget not spent, and
- $31,818 recovered from FY 08 administrative budget not spent.

Based on the OBPP revenue projections and the department's estimated beginning fund balance, $16,083,889 would be available for matching construction grants during the 2011 biennium after subtracting out other proposed expenditures of $5,785,958, which includes:

- $1,185,958 for administrative expenses related to operating the program,
- $900,000 for TSEP preliminary engineering grants,
- $100,000 for TSEP emergency grants, and
- $3,600,000 to begin the repayment of the loan to fund 2009 biennium projects.

The amount that is ultimately provided for the matching construction grants is subject to change as a result of the actual expenses incurred and actual fund earnings received during the biennium. The fund earnings can change as a result of the actual coal severance taxes received by the state and the rate of interest that the TSE fund earns.

DIAGRAM 1

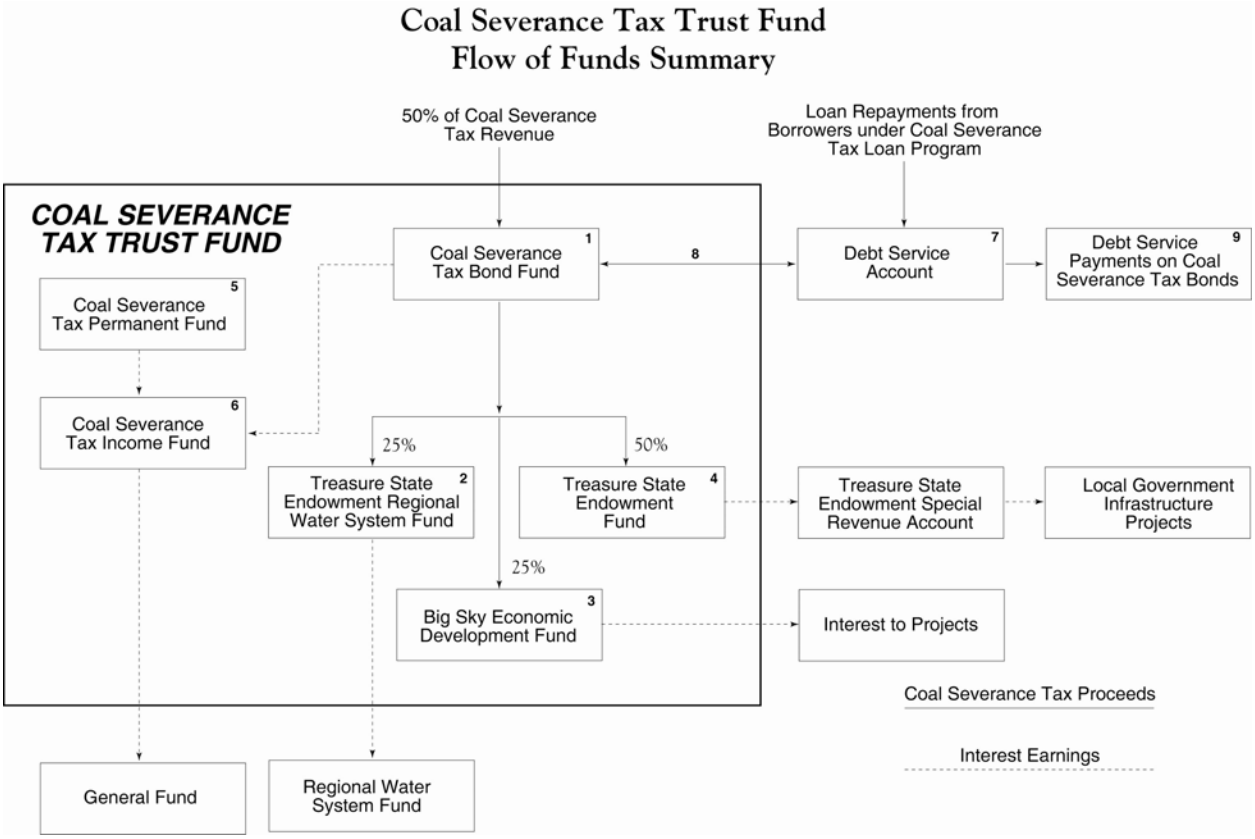
Coal Severance Tax Trust Fund
Flow of Funds Summary
50% of Coal Severance Tax Revenue
Loan Repayments from Borrowers under Coal Severance Tax Loan Program
COAL SEVERANCE TAX TRUST FUND
Coal Severance Tax Bond Fund
1
8
Debt Service Account
7
Debt Service Payments on Coal Severance Tax Bonds
9
Coal Severance Tax Permanent Fund
5
Coal Severance Tax Income Fund
6
25%
50%
Treasure State Endowment Regional Water System Fund
2
Treasure State Endowment Fund
4
Treasure State Endowment Special Revenue Account
Local Government Infrastructure Projects
25%
Big Sky Economic Development Fund
3
Interest to Projects
Coal Severance Tax Proceeds
Interest Earnings
General Fund
Regional Water System Fund

TABLE 1

ACTUAL COAL SEVERANCE TAX DEPOSITS INTO THE TREASURE STATE ENDOWMENT FUND AND ACTUAL INTEREST EARNINGS

Operating Year	Annual Deposits To The TSE Fund (Principal)	Cumulative TSE Fund Principal	Annual Interest Earnings	Cumulative Interest Earnings
Initial Deposit	$10,000,000			
FY '94	$9,809,476	$19,809,476	$928,696	$928,696
FY '95	$9,910,610	$29,720,086	$1,810,151	$2,738,847
FY '96	$8,787,910	$38,507,996	$2,916,499	$5,655,346
FY '97	$9,151,139	$47,659,135	$3,453,907	$9,109,253
FY '98	$8,720,156	$56,379,291	$4,250,377	$13,359,630
FY '99	$8,361,643	$64,740,934	$4,772,585	$18,132,215
FY '00	$12,189,836	$76,930,770	$5,123,375	$23,255,590
FY '01	$10,733,368	$87,664,138	$5,801,525	$29,057,114
FY '02	$11,646,533	$99,310,671	$6,804,840	$35,861,953
FY ‘03	$12,384,000	$111,694,671	$7,175,069	$43,037,023
FY ‘04	$6,672,000	$118,366,671	$8,073,637	$51,110,660
FY ’05	$8,803,360	$127,170,031	$8,282,519	$59,393,180
FY ‘06	$9,393,267	$136,563,298	$7,941,183	$67,334,363
FY ’07	$9,464,000	$146,027,298	$9,162,338	$76,496,701
FY ’08	$9,813,000	$155,840,298	$9,578,772	$86,075,473

PART 5

TSEP APPLICATION
EVALUATION, RANKING AND RECOMMENDATION PROCESS

Process MDOC Uses to Recommend TSEP Projects for Funding

The process that the department uses to make its funding recommendations is based on the following principles:

1. In compliance with the intent of the statute, the applicants' scores on the seven statutory priorities provide the overall rank order of applicants;

2. The statute also requires the department and the Governor to recommend the amount of the TSEP grant. Applicants with water, wastewater and solid waste projects are only recommended for a grant if their projected user rates at the completion of the project will be at or above the applicant's "target rate." The applicant's target rate is a predetermined benchmark or "target" based on a percentage of the community's median household income; and

3. Projects that appear to have major technical or financial feasibility problems may not be recommended for a grant, or may have conditions placed on the proposed project in order to ensure the department that the concerns will be mitigated.

STEP ONE OF THE PROCESS, RANKING OF PROJECTS BASED ON THE SEVEN STATUTORY PRIORITIES

Based on state statute (90-6-710 (2), MCA), and the precedents established by the department, the Governor, and the Legislature in the past funding cycles, the department uses a two-step process to develop the recommendations provided to the Governor and the Legislature. In the first step, the applications are scored and ranked according to the seven statutory priorities. The seven statutory priorities consider the extent to which the proposed projects:

1. Solve urgent and serious public health or safety problems and enable local governments to meet state or federal health or safety standards;

2. Reflect greater need for financial assistance than other projects;

3. Incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

5. Reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

6. Enable local governments to obtain funds from sources other than TSEP;

7. Provide long-term, full-time job opportunities for Montanans, or provide public facilities necessary for the expansion of a business that has a high potential for financial success, or Maintain or do not discourage expansion of the tax base; and

8. Are high local priorities and have strong community support.

The TSEP applications were analyzed and scored by the department's staff. The ranking team used a

consensus approach in applying the scoring criteria to assure consistency and fairness. With the exception of statutory priority #2, the scoring of each statutory priority is scored using pre-defined scoring levels, which are described at the end of this section.

In order to score statutory priority #2 (financial need), the department analyzes each applicant's relative financial need compared to other like applicants. This financial assessment uses two indicators:

Indicator 1. Economic Condition of Households Analysis - This indicator provides a comparative measure of the ability of the applicant's citizens to pay for public utility services and taxes, and accounts for 40 percent of the score for statutory priority #2. It consists of ranking each applicant in relation to the community's "median household income" (MHI), the percent of persons in the jurisdiction at or below the level designated as "low to moderate income" (LMI), and the percent of persons at or below the level designated as "poverty". MHI is calculated by the U.S. Bureau of the Census as the amount of household income above and below which the household incomes in a jurisdiction are equally distributed. In other words, there are as many households with incomes above MHI as there are below MHI. These three statistics - MHI, LMI and poverty - provide a means of identifying concentrations of population that have relatively less ability to pay for public services.

Each of the three sub-indicators account for one-third of the total score for indicator #1. Being ranked 1st indicates that the community has the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the highest scores being assigned to applicants with the most severe household economic conditions.

Indicator 2. Financial Analysis - The second indicator accounts for 60 percent of the score for statutory priority #2. The type of analysis used depends on the type of project.

Water, Wastewater, or Solid Waste Projects

For water, wastewater, and solid waste projects, the analysis is based on "target rate analysis." The analysis is used by the department to help determine the relative financial need in relation to the amount spent by its citizens for using the water and wastewater systems. Target rate analysis compares the applicant's projected user rates to predetermined benchmarks or "targets." Target user rates are based on a percentage of the MHI of the community. This part of the analysis uses the financial package that was presented in the application, and does not take into account any reduction in the grant award that may be ultimately recommended.

Target rate percentages were computed by surveying communities throughout Montana. The average, monthly water, wastewater, and solid waste rates currently paid by the communities surveyed were compared to each of their individual MHI's in order to determine a ratio. These ratios were then averaged and the following target rate percentages were derived: 1.4 percent for water systems, 0.9 percent for wastewater systems, and 0.3 percent for solid waste systems.

The target rate analysis compares the applicant's projected user rate to its target rate. An applicant's target rate was computed by multiplying the community's MHI by the appropriate target rate percentage. For applicant's that have both a water and wastewater system, the combined rates were analyzed using a combined target rate percentage of 2.3 percent. This is done to ensure that the low rates for an applicant's wastewater system did not ignore high rates that are being charged for the water system (or vice versa), thereby understating an applicant's need for financial assistance.

Scores are assigned based on how much difference there is between the applicant's projected user rate and the target rate. The highest scores are assigned to applicants with the highest projected rates relative to their target rate.

Bridge Projects

The financial analysis of application's proposing a bridge project were analyzed in a different manner, since they are funded through general taxes, as compared to user fees which are used to fund most water, wastewater, or solid waste infrastructure projects. Instead, the financial analysis for bridge applicants is primarily based on two sub-indicators. The first sub-indicator looks at approximately how much money is available to the county that could be used for bridge projects. These funds are used for many other functions of county government besides bridge projects, but overall this analysis provides a general picture of the wealth of the county.

The second sub-indicator looks at the number of bridges that the county is responsible for maintaining. To analysis is completed by dividing the amount of funds available by the number of bridges, which provides the amount of funds available per bridge. The highest scores are assigned to bridge applicants with the lowest amount of funds available per bridge.

Final Competitive Ranking Score on Statutory Priority #2 - The results from indicators 1 and 2 were added together on a weighted basis to determine an applicant's final score on statutory priority #2.

After each of the statutory priorities has been scored, the projects are arrayed in rank order from the most points to the least amount of points. This information is presented in the following pages in Table 2 – Scoring of the Seven Statutory Priorities and Final Ranking Recommendations for the 2011 Biennium.

See separate file for: Table 2 – SCORING OF THE TSEP STATUTORY PRIORITIES AND FINAL RANKING RECOMMENDATIONS FOR THE 2011 BIENNIUM

Step Two of the Process – Financial Assistance Analysis

The second step of the process assists the department in determining the amount of grant funds a community needs to ensure that user rates or taxes will be reasonably affordable for its citizens, and therefore, the amount of the grant that is recommended. The department's recommendations on the amount of grant funding for each application is summarized in Table 3 – Financial Assistance Analysis/Grant Award Recommendations for the 2011 Biennium on the next page. Details on the basis for the department's recommendation concerning the amount of funding for each application are found in the individual reports for each project in Part 6 of the report.

Water, Wastewater, or Solid Waste Projects

The amount of the grant award recommendation for water, wastewater and solid waste projects is based on whether the applicant has proposed to have user rates at or above the applicant's target rate. It has been the policy of the department, Governor and past Legislatures that TSEP grants should only be awarded for water, wastewater and solid waste projects when the projected user rates would be at or above the applicant's target rate.

Some of the department's recommendations reduced the amount of the grant from what was requested by the applicant, because the applicant failed to meet the requirements for the higher amount. In addition, the department recommended that no grant be awarded to four applicants, because there were issues related to technical or financial feasibility. Furthermore, the department recommended that no grant be awarded to three additional applicants, because the application did not obtain the minimum number of points required to be recommended for a grant and there were other issues that concerned the department.

While no system is perfect, the methodology used in the financial analysis of water, wastewater and solid waste projects represents many years of effort to develop a system that analyzes relative financial need that is fair and equitable to all applicants. The Department's financial analysis methodology used for water, wastewater and solid waste projects is considered a model nationally and was highlighted at the Council of State Community Development Agencies infrastructure workshop held in Washington D.C. in 1996.

Bridge Projects

The amount of the grant award recommendation for bridge projects is based on the financial analysis for bridge applicants. The analysis looks at the general wealth of the county and the number of bridges that the county is responsible for maintaining. The Department determined that all of the applicants with bridge projects should be awarded the full amount requested.

Conclusion

The process of evaluating and ranking TSEP applications is complex because of the numerous review elements, differences between applicants, and the complexities of the different types of community infrastructure and the financing methods for each. The Department stressed objectivity and fairness in the procedures used to evaluate and score all TSEP applications.

See separate file for: Table 3 - FINANCIAL ASSISTANCE ANALYSIS/GRANT AWARD RECOMMENDATIONS FOR THE 2011 BIENNIUM

See separate file for: Diagram 2 – Map of projects

PART 6

TSEP APPLICATION (PROJECT) REPORTS FOR THE 2011 BIENNIUM

Index of Reports

Project No.	Name of Applicant	Page No.
Project #1	Philipsburg, Town of	28
Project #2	Ravalli County	34
Project #3	Sweet Grass County	38
Project #4	Melstone, Town of	43
Project #5	Fergus County	47
Project #6	Rudyard County Water & Sewer District	51
Project #7 (tie)	Cascade, Town of	56
Project #7 (tie)	Powell County	61
Project #9	Wolf Creek County Water & Sewer District	66
Project #10	Judith Gap, Town of	71
Project #11	Gardiner Park County Water & Sewer District	77
Project #12	Winifred, Town of	82
Project #13	Beaverhead County	87
Project #14	Sweet Grass Community County Water & Sewer District	92
Project #15	Nashua, Town of	97
Project #16	Laurel, City of	102
Project #17	Homestead Acres Water & Sewer District	107
Project #18	Crow Tribe	112
Project #19 (tie)	Carbon County	117
Project #19 (tie)	Lewis & Clark County	123
Project #21	Madison County	129
Project #22	Cut Bank, City of	135
Project #23 (tie)	Broadview, Town of	140
Project #23 (tie)	St. Ignatius, Town of	145
Project #25 (tie)	Jefferson County	149
Project #25 (tie)	Stillwater County	154
Project #27	Wibaux, Town of	159
Project #28	Granite County	164
Project #29 (tie)	Missoula County (for Seeley Lake)	168
Project #29 (tie)	Seeley Lake Sewer District	175
Project #31	Bigfork County Water & Sewer District	182
Project #32	Choteau, City of	187
Project #33	Valier, Town of	192
Project #34	Carter Choteau County Water & Sewer District	197
Project #35	Hardin, City of	202
Project #36	Upper and Lower River Road Water & Sewer District	208
Project #37	Gildford County Water & Sewer District	213
Project #38 (tie)	Big Sandy, Town of	218
Project #38 (tie)	Ronan, City of	224
Project #40	Dutton, Town of	229
Project #41	Blaine County	234
Project #42	Loma County Water & Sewer District	239
Project #43	Harlowton, Town of	245

Project #44 **Kevin, Town of 249**
Project #45 **Flathead County (for Bigfork) 255**
Project #46 **Woods Bay Homesites Water & Sewer District 260**
Project #47 **Shelby, City of 266**
Project #48 **Whitefish, City of 271**
Project #49 (tie) **Eureka, Town of 276**
Project #49 (tie) **Troy, City of 282**
Project #51 **Fallon County North Baker Water & Sewer District 287**
Project #52 **Sheaver's Creek Water & Sewer District 292**
Project #53 **Yellowstone County 298**
Project #54 **Gore Hill County Water District 303**
Project #55 **South Chester County Water District 308**
Project #56 **Livingston, City of 313**
Project #57 **Flathead County Water & Sewer District (Happy Valley) 318**
Project #58 **Bynum Teton County Water & Sewer District 322**
Project #59 **Bozeman, City of 327**
Project #60 **Fort Smith Water & Sewer District 332**
Project #61 **Jette Meadows Water & Sewer District 337**
Project #62 **Greater Woods Bay Sewer District 342**
Project #63 **Em-Kayan County Water & Sewer District 348**
Project #64 **Stevensville, Town of 353**
Project #65 **Bridger Pines County Water & Sewer District 359**

GLOSSARY OF ABBREVIATIONS
USED IN THE TSEP APPLICATION (PROJECT) REPORTS

AASHTO .....American Association of State Highway and Transportation Officials (refers to road and bridge standards)
BIA.....Bureau of Indian Affairs
BLM .....Bureau of Land Management
BOD.....Biochemical oxygen demand (a water quality measurement)
BOR.....Bureau of Reclamation
CDBG .....Community Development Block Grant Program (MDOC)
CEDS .....Comprehensive Economic Development Strategy
CIP .....Capital improvements plan
cfs.....cubic feet per second
DEQ.....Montana Department of Environmental Quality
DNRC .....Montana Department of Natural Resources and Conservation
EDA .....Economic Development Agency (U.S. Department of Commerce)
EDU.....Equivalent Dwelling Unit
EPA .....U.S. Environmental Protection Agency
fps.....feet per second
FEMA .....Federal Emergency Management Administration
FW&P .....Montana Department of Fish, Wildlife and Parks
gal.....gallons
gpd .....gallons per day
gpm .....gallons per minute
GPS.....Global Positioning System
GWUDISW .....Groundwater Under the Direct Influence of Surface Water
HDPE .....High density polyethylene (type of plastic pipe)
HUD.....U.S. Department of Housing and Urban Development
IHS .....Indian Health Services
I&I .....Infiltration and inflow (engineering analysis term)
INTERCAP .....Intermediate Term Capital Program (Board of Investments)
ISO .....Insurance Services Office
LMI .....Low and moderate income
MCL.....Maximum contaminant level (a water quality measurement)
MDOC .....Montana Department of Commerce
MEDA .....Montana Economic Development Association

MDT.....Montana Department of Transportation

mg/l.....Milligrams per liter

MHI.....Median household income

MOA .....Memorandum of understanding

MPDES.....Montana Pollutant Discharge Elimination System

NA .....Not Applicable (typically refers to the fact that an applicant does not have either a water or wastewater system)

NBI .....National Bridge Inspection Coding Guide

NEPA.....National Environmental Protection Act

NF.....National Forest

NPDES.....National Pollutant Discharge Elimination System

O&M .....Operation and maintenance

PER .....Preliminary engineering report

PILT.....Payment in lieu of tax

psi.....pounds per square inch

PVC .....Poly vinyl chloride (type of plastic pipe)

RC&D .....Resource Conservation & Development

RD .....U.S. Department of Agriculture, Rural Development

RID .....Rural Improvement District

RRGL .....Renewable Resource Grant and Loan Program (DNRC)

SRF .....State Revolving Loan Fund (Drinking Water & Water Pollution Control) Programs (DEQ)

STAG.....State and Tribal Assistance Grant (EPA)

TSEP .....Treasure State Endowment Program (MDOC)

TSS .....Total Suspended Solids (a water quality measurement)

USFS.....U.S. Forest Service

UV .....Ultraviolet

WRDA .....Water Resource Development Act

APPENDIX A

TSEP STATUTES

The Treasure State Endowment Program is a state-funded grant program designed to assist communities in financing public facilities projects. The program was authorized by Montana's voters with the passage of Legislative Referendum 110 on June 2, 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA.

90-6-701. Treasure state endowment program created -- definitions. (1) (a) There is a treasure state endowment program that consists of:

(i) the treasure state endowment fund established in 17-5-703;

(ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(b) The treasure state endowment program may borrow from the board of investments to provide additional financial assistance for local government infrastructure projects under this part, provided that no part of the loan may be made from retirement funds.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part and to repay loans from the board of investments.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

(i) drinking water systems;

(ii) wastewater treatment;

(iii) sanitary sewer or storm sewer systems;

(iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring; or

(v) bridges.

(b) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, or a county or multi-county water, sewer, or solid waste district, or an authority as defined in 75-6-304.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1).

(e) "Tribal government" means a federally recognized Indian tribe within the state of Montana.

90-6-702. Purpose. The purpose of the treasure state endowment program is to assist local governments in funding infrastructure projects that will:

(1) create jobs for Montana residents;

(2) promote economic growth in Montana by helping to finance the necessary infrastructure;

(3) encourage local public facility improvements;

(4) create a partnership between the state and local governments to make necessary public projects affordable;

(5) support long-term, stable economic growth in Montana;

(6) protect future generations from undue fiscal burdens caused by financing necessary public works;

(7) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and

(8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

90-6-703. Types of financial assistance available. (1) The legislature shall provide for and make available to local governments the following types of financial assistance under this part:

(a) matching grants for local infrastructure projects;

(b) matching grants for preliminary engineering studies; and

(c) emergency grants for local infrastructure projects.

(2) The department of commerce may provide local governments with emergency grants for infrastructure projects only if necessary to remedy conditions that, if allowed to continue until legislative approval could be obtained, will endanger the public health or safety and expose the applicant to substantial financial risk. The department shall report to the governor and the legislative finance committee regarding emergency grants that are awarded during each biennium.

(3) The department of commerce may provide local governments with matching grants for preliminary engineering studies for infrastructure projects. The department shall report to the governor and the legislature regarding preliminary engineering grants that are awarded during each biennium.

90-6-704 through 90-6-708 reserved.

90-6-709. Agreements with tribal governments. (1) Agreements with tribal governments in Montana entered into under this part must contain, in addition to other appropriate terms and conditions, the following conditions:

(a) a requirement that in the event that a dispute or claim arises under the agreement, state law will govern as to the interpretation and performance of the agreement and that any judicial proceeding concerning the terms of the agreement will be brought in the district court of the first judicial district of the state of Montana;

(b) an express waiver of the tribal government's immunity from suit on any issue specifically arising from the transaction of a loan or grant; and

(c) an express waiver of any right to exhaust tribal remedies signed by the tribal government.

(2) Agreements with tribal governments must be approved by the secretary of the United States department of the interior whenever approval is necessary.

90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The department of commerce must receive proposals for infrastructure projects from local governments. The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. For the projects under 90-6-703(1)(a), the department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (3). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(2) In preparing recommendations under subsection (2), preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

(3) After the review required by subsection (2), the projects must be approved by the legislature.

(4) The department shall adopt rules necessary to implement the treasure state endowment program.

(5) The department shall report to each regular session of the legislature the status of all projects that have not been completed in order for the legislature to review each project's status and determine whether the authorized grant should be withdrawn.

APPENDIX B

SEVEN STATUTORY PRIORITIES, SCORING CRITERIA, AND SCORING LEVEL DEFINITIONS

TSEP Application Scoring System

The TSEP enabling statute requires MDOC to submit a list of recommended projects for TSEP funding, giving preference according to seven priorities, and to recommend the form and amount of financial assistance for each. In order to evaluate applications, each TSEP applicant is required to submit a narrative as part of its application, which describes the relationship of the proposed project to the TSEP statutory priorities. Each application is assigned points based upon the extent to which the proposed project is consistent with each statutory priority, using five possible point levels (with the exception of statutory priority #3, which uses four possible point levels), as follows:

The Proposed Project Most Closely Meets the Intent of the Statutory Priority	Maximum Possible Points
	Four-Fifths Possible Points
	Three-Fifths Possible Points
	Two-Fifths Possible Points
The Proposed Project Least Closely Meets the Intent of the Statutory Priority	One-fifth Possible Points

The total number of points assigned to each TSEP application is based upon its cumulative response to the seven statutory priorities for TSEP projects.

Statutory Order of Priority for TSEP Projects

A declining numerical score has been assigned to each succeeding priority to reflect its importance. The TSEP statutory priority and the numerical score for each are listed below, in order of priority.

	Maximum Possible Points
Statutory Priority #1 (Urgent or Serious Health or Safety Problems, or Compliance with State or Federal Standards)	1,000 Points
Statutory Priority #2 (Greater Financial Need)	900 Points
Statutory Priority #3 (Appropriate Design and Long-term Solution)	800 Points
Statutory Priority #4 (Planning and Management of Public Facilities)	700 Points

Statutory Priority #5 (Funds from Other Sources)	600 Points
Statutory Priority #6 (Long-term, Full-time Jobs, Business Expansion, or Maintenance of Tax Base)	500 Points
Statutory Priority #7 (Community Support)	400 Points
Total	4,900 Points

The Total Maximum Possible Number of Points = 4,900 Points

TSEP Statutory Priorities and Scoring Criteria

The following lists the seven TSEP statutory priorities, along with the major issues that are considered by MDOC in evaluating each applicant's response.

Statutory Priority #1 **1,000 Possible Points**

Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

a. Does a serious deficiency exist in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply or does the community lack the facility or service entirely, and will the deficiencies be corrected by the proposed project?
b. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards?
c. Is the problem existing, continual, and long-term, as opposed to occasional, sporadic, probable or potential?
d. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency, as opposed to a small percentage of the residents?
e. Is there clear documentation that the current condition of the public facility (or lack of a facility) violates a state or federal health or safety standard (as opposed to a design standard)?
f. Does the standard that is being violated represent a significant threat to public health or safety?
g. Is the proposed TSEP project necessary to comply with a court order or a state or federal agency directive?
h. Are there any reliable and long-term management practices that would reduce the public health or safety problems?
i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #2 **900 Possible Points**

Projects that reflect greater need for financial assistance than other projects.

This priority assesses the applicant's need for financial assistance by examining each applicant's relative financial need compared to other applicants. The financial assessment will determine whether an applicant's need for TSEP assistance is greater than other applicants.

Applicants will be ranked and points awarded, using a computer-assisted financial assessment that makes a comparative analysis of financial indicators. This process is conducted using two competitive ranking indicators that evaluate the relative financial need of each applicant. The analysis for the first indicator is common to all applicants, while the analysis for the second indicator depends on the type of project. Based on an applicant's relative financial need, an applicant can potentially receive up to 900 points.

Statutory Priority #3 **800 Possible Points**

Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

a. Does the PER provide all of the information as required by the Uniform PER outline, and did the analysis address the entire system in order to identify all potential deficiencies?
b. Does the proposed project completely resolve all of the deficiencies identified in the PER? If not, does the proposed project represent a complete component of a long-term master plan for the facility or system, and what deficiencies will remain upon completion of the proposed project?
c. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems.
d. Were all reasonable alternatives thoroughly considered, and does the technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?
e. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?
f. Are all projected costs and the proposed implementation schedule reasonable and well supported? Are there any apparent technical problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
g. Have the potential environmental problems been adequately assessed? Are there any apparent environmental problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
h. For projects involving community drinking water system improvements, has the conversion to a water metering system for individual services been thoroughly analyzed and has the applicant decided to install meters? In those cases where individual service connection meters are not proposed, has the applicant's PER thoroughly analyzed the conversion to a water metering system and persuasively demonstrated that the use of meters is not feasible, appropriate, or cost effective?
i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #4 **700 Possible Points**

Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

a. Have there been substantial past efforts to deal with public facilities problems through a long-term commitment to capital improvement planning and budgeting, and if necessary, by raising taxes, hook-up charges, user charges or fee schedules to the maximum reasonable extent?

b. Have reasonable operation and maintenance budgets and practices been maintained over the long-term, including adequate reserves for repair and replacement?
c. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, has the applicant thoroughly explained the circumstances and described the actions that management will take in the future to assure that the problem will not reoccur?
d. Has the applicant demonstrated a long-term commitment to community planning in order to provide public facilities and services that are adequate and cost effective?
e. For projects involving drinking water system improvements, has the applicant installed individual service connection meters to encourage conservation and a more equitable assignment of user costs, and has the applicant adopted and implemented a wellhead protection plan for ground water.
f. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, or any other development-related plan) adopted by the applicant?
g. In cases where the applicant has received state or federal grants or loans for public facility improvements, did the applicant adequately perform its project management responsibilities as required by the funding programs?
h. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #5 **600 Possible Points**

Projects that enable local governments to obtain funds from sources other than TSEP.

a. Has the applicant made serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate public or private sources, to finance or assist in financing the proposed project?
b. How viable is the proposed funding package
c. Is TSEP's participation in the proposed project essential to obtaining funds from sources other than TSEP?
d. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #6 **500 Possible Points**

Projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or encourage expansion of the tax base.

a. Will the proposed TSEP project directly result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans?
b. Will the proposed TSEP project directly result in a business expansion? Is the business expansion dependent upon the proposed project in order to proceed?
c. Has the applicant provided a business plan for the specific firm(s) to be expanded as a result of the proposed TSEP project? If yes, is it a realistic, well-reasoned business expansion proposal and does it clearly demonstrate that the firm to be assisted by the proposed public facilities has a high potential for financial success if TSEP funds are received?
d. Will the proposed TSEP project maintain or encourage expansion of the private property tax base?
e. In situations where a private sector alternative could be reasonably appropriate and capable of providing a long-term, cost-effective solution, did the applicant seriously evaluate the option of utilizing the private sector to resolve the identified public facility problem?

f. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #7 **400 Possible Points**

Projects that are high local priorities and have strong community support.

a. Has the applicant encouraged active citizen participation, including at least one public hearing or meeting held not more than 12 months prior to the date of the application, to discuss the proposed TSEP project with the affected community residents?
b. Has the applicant informed local citizens and affected property owners of the estimated cost per household of any anticipated increases in taxes, special assessments, or user charges that would result from the proposed project?
c. Has the applicant assessed its public facility needs, established priorities for dealing with those needs through an officially adopted capital improvements plan (or other comparable plan), and is the proposed TSEP project a high priority of that plan?
d. Are the local citizens and affected property owners in support of the project?
e. Is there any other pertinent information that might influence the scoring of this statutory priority?

Scoring Level Definitions

Note: There are numerous variables involved in scoring each of the seven statutory priorities. As a result, the point level ultimately assigned may have been higher or lower than what the scoring level definitions would typically suggest.

Statutory Priority #1 - Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

General Scoring Notes Related To Statutory Priority #1

The score level for Statutory Priority #1 may be reduced depending upon the degree to which:

- the deficiency and the resulting health and safety problems are existing, long-term or continual;
- the problems related to the deficiency affect the entire or substantial portion of the community, or have a high potential to affect the entire or substantial portion of the community;
- there are reasonable, cost-effective, reliable and long-term management practices that would reduce the health and safety risks and no other reasonable alternatives, temporary or otherwise are available; and
- the deficiencies and the impact on the public's health and safety has been documented. If documentation is not provided, or is considered to be inadequate, the score is likely to be reduced.
- the proposed project would solve the public health or safety problems.

If the most serious deficiencies represent only a small component of the overall project, the project as a whole may be scored lower than what would normally be indicated for the more serious deficiencies. At the department's discretion, multiple deficiencies may be weighted, based on cost, to determine the scoring level. For instance, if a very small percentage of the project cost goes toward solving level "5" deficiencies and a significantly larger percentage of the project cost is for solving level "3" deficiencies, then the project would probably be scored at a level 3 or 4. The scoring of multiple bridges in an application will always be weighted, based on cost, to determine the final scoring level.

An administrative order (or other directive) does not guarantee a particular score. The seriousness of the deficiencies and their impact on the public's health and safety will determine the score awarded.

While environmental pollution is an important concern, it is primarily taken into account in terms of the impact that the pollution has on the public's health and safety. Environmental pollution can also be taken into account in terms of whether the project enables local governments to meet state or federal health or safety standards.

Level 1 The Applicant did not sufficiently demonstrate that it has a deficiency in its *(type)* system that could affect the public's health and safety.

- ❑ Typically, this level is assigned when the applicant does not submit the required preliminary engineering information that would allow the TSEP staff to adequately evaluate the needs of the system.
- ❑ This level may also be assigned when the applicant was unable to document a threat to public health and safety. The claimed deficiency may be related to routine operations and maintenance issues.

Level 2 The applicant sufficiently documented deficiencies in the *(type)* system that could potentially affect the public's health and safety at some point in the future if the deficiencies are not corrected. However, the problems have not been documented to have occurred yet and the deficiencies are not likely to be a threat to public health or safety.

- ❑ This level may also be assigned if the applicant has not adequately shown that the deficiencies, which would otherwise be scored at a higher level, would be resolved.

Level 3 The Applicant sufficiently demonstrated that consequences (such as illness, disease, or injury) attributable to the deficiencies in the *(type)* system are likely to occur in the long-term if the deficiencies are not corrected. These health and safety problems have a relatively high probability of occurrence after chronic exposure (exposure over many years), or a moderate probability of occurrence in the near-term as a result of incidental, short-term or casual contact. The applicant has adequately documented the deficiencies and their potential impact on the public's health and safety.

Level 4 The Applicant sufficiently demonstrated that consequences (such as illness, disease, or injury) clearly attributable to the deficiencies in the *(type)* system are likely to occur in the near term. These health and safety problems have a high probability of occurrence in the near-term as a result of incidental, short-term or casual contact, or a relatively high probability of occurrence after chronic exposure (exposure over many years) but the consequences of exposure are more serious then a level 3. The applicant adequately documented the deficiencies and their potential impact on the public's health and safety.

Level 5 The Applicant sufficiently demonstrated that consequences (such as illness, disease, or injury) clearly attributable to the deficiencies in the *(type)* system have occurred or are imminent, and are highly likely to reoccur. The applicant clearly documented the deficiencies and their impact on the public's health and safety.

Examples of Deficiencies and How They Would Likely be Scored by Type of Project

Water Projects

Examples of deficiencies that would typically be scored at a Level 1:

- ❑ A community that is making improvements to the water system to improve efficiency and/or reduce operation and maintenance costs.

- ❑ Replacement of routine equipment or performance of routine maintenance, such as hatch replacement or water reservoir painting, which should reasonably be a part of a normal maintenance program.

Examples of deficiencies that would typically be scored at a Level 2:

- ❑ A community that has the ability to provide basic domestic demands and has the ability to provide adequate fire protection in high density developments, affecting key community facilities (such as schools, hospitals, etc.), or in areas that are critical to the local economy, but still experiences water shortages, most likely due to summertime irrigation demands.

- ❑ A community that can provide some fire protection, but the water system's ability to provide fire protection is below standards in areas of low-density development, and parks.

- ❑ A community that has poor water quality aesthetics such as color or odor.

- ❑ A community that has low chlorine residuals as a result of long dead end mains.

- ❑ A community whose water system has contaminants (such as iron, manganese, sulfate, total dissolved solids) that exceed secondary standards as listed in the Safe Drinking Water Act and subsequent amendments.

Examples of deficiencies that would typically be scored at a Level 3:

- ❑ A community whose water system can meet the basic wintertime domestic demands (exclusive of irrigation), and can provide some fire protection, but the water system's capacity to provide fire protection is below standards in high density developments, affecting key community facilities (such as schools, hospitals, etc.), or in areas that are critical to the local economy.

- ❑ A community whose water system is grossly inadequate in terms of providing fire protection in areas of lower density housing and commercial areas, and areas not critical to the local economy.

- ❑ A community that is making proactive improvements to the infrastructure of a public water system that helps it remain in compliance with current regulatory requirements, ensures compliance with future requirements, or prevents future violations of any applicable state or federal law or regulation. A higher score for proactive improvements could be realized if the improvements address imminent or near term health and safety issues.

- ❑ A community whose water system has had occasional, but reoccurring, non-acute violations of the Total Coliform Rule. Continued use of the contaminated water or groundwater source has a high probability of resulting in illness in the long term. The problem must be documented as a previously unresolved problem that is beyond the direct control of the water supplier.

- A community whose water system frequently detects organic chemicals, but has not yet exceeded MCLs for primary standards of contaminants listed in the Safe Drinking Water Act and subsequent amendments. Continued use of the contaminated water or groundwater source has a high probability of resulting in illness in the long term.

- A community whose water system has a groundwater source with elevated nitrate levels above one-half the MCL. Continued use of the contaminated groundwater source has a high probability of resulting in illness in the long term.

- A community with low distribution system pressures, frequent leaks and a reasonable potential for backflow contamination in the long term.

- A community that is proposing improvements, such as replacing leaky water mains to reduce losses, resulting in significant improvement in pressure, water quality, or fire protection.

- A community with components, such as a pumping station, that have outlived their useful life and could potentially fail in the long term.

- A community that has a safety issue in the treatment plant or at a pumping station that has a reasonable probability of causing serious injury to the operator in the long term.

- An untreated groundwater source with extremely high levels of secondary contaminants such as manganese, iron, or sulfates. The levels must be several times greater than the secondary MCLs.

Examples of deficiencies that would typically be scored at a Level 4:

- A community whose water system can meet the basic wintertime domestic demands (exclusive of irrigation), but whose ability to provide fire protection is grossly inadequate in higher density residential, commercial, and industrial areas, affecting key community facilities (such as schools, hospitals, etc.), or in areas that are critical to the local economy.

- A community whose water treatment facility does not adequately treat water, and therefore, illness or disease is highly probable (such as a community who only currently disinfects their surface water and it has been documented that additional treatment such as filtration is required).

- A community whose groundwater source is documented to be under the influence of surface water and adequate treatment facilities are not currently available.

- A community does not have a backup water supply or redundancies in the water system (such as backup intake pump for surface water treatment plant) and a failure of the existing facilities (such as pump or source) would likely result in the total loss of supply.

- A community that has documented a significantly reduced yield from its water source such that it cannot meet system demands exclusive of irrigation (such as groundwater source drying up).

- A community whose water system experiences reoccurring exceedances of MCLs for primary standards of contaminants listed in the Safe Drinking Water Act and subsequent amendments, but has not had a confirmed MCL violation based on quarterly sampling. Continued use of the contaminated water or groundwater source has a high probability of resulting in illness in the near term. The problem must be documented as a previously unresolved problem that is beyond the direct control of the water supplier.

- A community whose water system has had persistent, non-acute violations of the Total Coliform Rule. Continued use of the contaminated water or groundwater source has a high probability of resulting in

illness in the near term. The problem must be documented as a previously unresolved problem that is beyond the direct control of the water supplier.

- A community whose water system has a groundwater source with consistently elevated nitrate levels above one-half the MCL. Continued use of the contaminated groundwater source has a high probability of resulting in illness in the near term.

- A community whose deteriorated water mains are located in an area with heavily contaminated soils with a high potential for contaminants to enter the water supply in the near term.

- A community that has significant safety issues in the treatment plant or at a pumping station, which have a high probability of causing serious injury to the operator in the near term.

Examples of deficiencies that would typically be scored at a Level 5:

- A community that has documented a total and permanent loss of water source (such as when the groundwater source dries up).

- A community that has documented contamination (or where contamination is imminent) of their water supply with fecal coliform bacteria, giardia, cryptosporidium, acute levels of nitrates, etc. with no current means of protection from the contaminants (such as filtration, disinfection). Even though no illnesses have been connected to the contaminated water system, continued use of the contaminated water is a threat to public health.

- A community that has documented that their groundwater source is under the influence of surface water and contamination of the groundwater supply is occurring or is considered imminent. The community has no current means of protection from the contaminants (such as filtration, disinfection). Continued use of the groundwater source is a threat to public health.

- A community whose water system cannot meet basic wintertime demands (October through March) including (domestic/industrial/commercial) demands, exclusive of irrigation. If a community cannot meet its basic wintertime demands, it is also assumed that fire protection capacity is grossly inadequate.

- A community whose water source has been found to be contaminated by chemical contaminants that exceed unreasonable risk to health (URTH) levels (as defined by Environmental Protection Agency [EPA]) and have a high potential to result in serious illness.

- Documented carcinogens in the water supply that persistently exceed primary maximum contaminant level (MCL) standards.

- A community whose water system experiences violations of MCLs for primary standards of contaminants listed in the Safe Drinking Water Act and subsequent amendments. Continued use of the contaminated water or groundwater source has resulted in illness, or illness is imminent. The risk must be documented as a previously unresolved problem that is beyond the direct control of the water supplier.

- A community whose water system has had persistent, acute violations of the Total Coliform Rule, or a community that has an untreated groundwater source with nitrate levels that have resulted in a confirmed MCL violation. Continued use of the contaminated water or groundwater source has resulted in illness, or the risk of illness is imminent. The risk is documented as a regularly reoccurring and unresolved problem that is beyond the direct control of the water supplier.

Wastewater Projects

Examples of deficiencies that would typically be scored at a Level 1:

- ❑ An inadequate access road to a wastewater treatment facility requires that chemicals be delivered in 55-gallon drums instead of bulk shipments.

Examples of deficiencies that would typically be scored at a Level 2:

- ❑ A community's wastewater treatment lagoon is on rare occasion unable to meet the requirements of its discharge permit, and the cause of the violations is not attributable to a lack of maintenance.

- ❑ A community has documented excessive infiltration and/or inflow within its collection system, but has not documented any back-ups, exfiltration to groundwater, or negative effects on treatment plant performance.

- ❑ A community has sewer mains of inadequate slope or size by current design standards, but that provide adequate service with routine maintenance activities.

Examples of deficiencies that would typically be scored at a Level 3:

- ❑ A community has experienced effluent discharge violations resulting in a State or Federal directive (such as a compliance order) or it is documented that such directives are probable if corrective actions are not taken.

- ❑ A community directly discharges to a water body and experiences periodic discharge violations and/or inadequate treatment. There exists some opportunity for the public to come in contact with inadequately treated or inadequately disinfected wastewater. *(The likelihood of people being in the area of the discharge should be documented with photographs, maps, or other supporting evidence in order to provide to the review engineer some insight about the nature of the area in order to determine if the area is likely to be visited by the public or used for recreational purposes. For example, provide an aerial photograph of the area obtained from the Internet accompanied by a few regular photographs of the surrounding area from different angles.)*

- ❑ Infrequent back-ups of wastewater into a small number of basements, due to inadequate facilities rather than isolated incidents that are unique, infrequent, or catastrophic events.

- ❑ A community that is making proactive improvements to the infrastructure of a public wastewater system that helps it remain in compliance with current regulatory requirements, ensures compliance with future requirements, or prevents future violations of any applicable state or federal law or regulation. A higher score for proactive improvements could be realized if the improvements address imminent or near term health and safety issues.

- ❑ A community that routinely discharges undisinfected wastewater or inadequately treated wastewater or sludge in a location where opportunities for contact with people is not likely to occur and the public health or safety threat is not significant.

- ❑ A leaking lagoon that could impact the groundwater, but would not likely impact the public's health and safety.

- ❑ A community lacks a centralized wastewater system. The community has a reasonable potential to contaminate groundwater or surface water but it is not used for a public or a private water supply source. There are limited locations for replacement drainfields.

- ❑ A community that has a safety issue in the treatment plant or at a pumping station that has a reasonable probability of causing injury to the operator in the long term.

- ❑ A community's collection system is deteriorated and in need of replacement and there is a reasonable probability of occurrence of back-ups into homes and businesses in the long term.

- ❑ Lift stations that have outlived their useful life and could potentially fail in the long term and affect the public's health and safety.

- ❑ Excessive infiltration/inflow in the collection system that could significantly and adversely affect the wastewater treatment processes.

- ❑ A community is constructing a wastewater treatment facility or upgrading its existing facility to comply with a current or proposed Total Maximum Daily Load (TMDL) or other water quality standards, unless near-term or imminent health and safety threats can be documented.

Examples of deficiencies that would typically be scored at a Level 4:

- ❑ A community that routinely discharges non-disinfected wastewater or inadequately treated wastewater or sludge in a location where opportunities for contact with people is likely to occur. *(The likelihood of people being in the area of the discharge should be documented with photographs, maps, or other supporting evidence in order to provide to the review engineer some insight about the nature of the area in order to determine if the area is likely to be visited by the public or used for recreational purposes. For example, provide an aerial photograph of the area obtained from the Internet accompanied by a few regular photographs of the surrounding area from different angles.)*

- ❑ Failure of a major treatment plant element or process has a high probability of occurring in the near term and the result is that direct exposure of untreated or inadequately treated wastewater has a high potential to affect a large portion of the population directly or through vectors. The failure must have a high potential to result in a significant threat to the health and safety of the public.

- ❑ A community with documented elevated levels of nitrate above background levels (or other contaminant with potentially acute consequences) in their groundwater supply resulting from a leaking wastewater lagoon. A community whose drinking water supply has the potential of being contaminated in the short term due to inadequate wastewater facilities (such as grossly leaking lagoon or on-site wastewater disposal systems that could significantly impact the groundwater or nearby surface water body), but contamination has not yet occurred. The contaminant must have the potential to cause immediate illness, disease, or significant environmental pollution.

- ❑ Frequent back-ups of wastewater into numerous basements have been documented that would likely impact the public's health and safety, due to inadequate facilities, rather than isolated incidents, that are unique, infrequent, or catastrophic events.

- ❑ Lift stations that are likely to fail in the near-term and affect the public's health and safety. Past failures have resulted in several sewer back-ups. Failures must be due to inadequate facilities rather than catastrophic events.

- ❑ A community that lacks a centralized wastewater system and is currently contaminating groundwater or surface water that is not used for a public water supply source; there are no appropriate locations for replacement drainfields; and the contaminated groundwater has been documented.

- ❑ A community is constructing a wastewater treatment facility or upgrading its existing facility to comply with a current or proposed TMDL or other water quality standards, and the receiving waters have a high

likelihood for frequent usage by numerous persons for activities such as fishing and swimming, or could impact a public water supply source.

- ❑ A community is constructing a wastewater treatment facility or upgrading its existing facility to comply with a current or proposed TMDL or other water quality standards, and environmental events, such as fish kills or algal blooms that could affect human health and safety are likely to occur in the near term.

Examples of deficiencies that would typically be scored at a Level 5:

- ❑ Failure of a lagoon dike has occurred or there is adequate documentation that failure is imminent with continued use and that the lowering of the lagoon level will not impact the severity of the deficiency.

- ❑ Failure of a major treatment plant element or process has occurred, or is imminent, and the result is that direct exposure of untreated or inadequately treated wastewater has occurred or will occur and has a high potential to affect a large portion of the population directly or through vectors. The failure must have a high potential to result in a significant threat to the health and safety of the public. There are no backup systems.

- ❑ Acute contamination of a public drinking water supply by a centralized wastewater system has occurred or is imminent, and the contaminant has a high potential to cause immediate illness or disease.

- ❑ A community has inadequately treated wastewater and no alternate means for treatment or discharge and the consequences result in a significant threat to the health and safety of the public. For example, a community that relies on land application for disposal, but can no longer use the land application site thus forcing the community to discharge the wastewater into an area where human contact is likely.

- ❑ A community lacks a centralized wastewater system and is currently, or has a high potential of, acutely contaminating water supply sources for the community. The documented contamination must have a high potential to cause immediate illness or disease. There are no appropriate locations for replacement drainfields.

- ❑ Cases of severe and frequent back-ups of wastewater into numerous basements have been documented that would likely impact the public's health and safety, due to inadequate facilities rather than isolated incidents that are unique, infrequent, or catastrophic events.

Storm Water Projects

Examples of deficiencies that would typically be scored at a Level 1:

- ❑ When flooding represents only an occasional nuisance to the community (such as periodic ponding of water due to storm events that impedes traffic).

- ❑ Flooding is isolated to a parking lot where alternate sites can be temporarily employed.

Examples of deficiencies that would typically be scored at a Level 2:

- ❑ A community that has a combined sewer system resulting in Level 2 impacts defined under the wastewater levels.

- ❑ A community with poor drainage facilities resulting in potential localized safety hazards due to continuous ponding of water (such as nuisance ponding, mosquitoes, or delay of emergency vehicles).

- ❑ A community whose storm drain system does not meet design standards.

Examples of deficiencies that would typically be scored at a Level 3:

- A community that has a combined sewer system resulting in Level 3 impacts defined under the wastewater levels.

- A community with poor drainage facilities resulting in potential community wide safety hazards due to continuous ponding of water (such as nuisance ponding, mosquitoes, or delay of emergency vehicles).

- A community that is making proactive improvements to the infrastructure of a public storm water system that helps it remain in compliance with current regulatory requirements, ensures compliance with future requirements, or prevents future violations of any applicable state or federal law or regulation. A higher score for proactive improvements could be realized if the improvements address imminent or near term health and safety issues.

Examples of deficiencies that would typically be scored at a Level 4:

- A community that has a combined sewer system resulting in Level 4 impacts defined under the wastewater levels.

- A community who experiences failures of on-site wastewater treatment and disposal systems and failures of water supply wells due to surface water flooding or rising groundwater as a result of a storm event and the failures are on-going and are likely to occur again.

- A community where storm water runoff creates significant safety hazards (such as drowning) community wide, or in areas of high density residential, schools, daycare facilities or other areas where ponding water could be considered an attractive nuisance.

- A community that is separated by physical barriers, such as a river or railroad tracks, with limited crossings that are prone to severe flooding, resulting in significant delays for emergency vehicles.

Examples of deficiencies that would typically be scored at a Level 5:

- A community that has a combined sewer system resulting in Level 5 impacts defined under the wastewater levels.

- A community who experiences significant regular flooding during a common (such as a two-year, one-hour) storm event. The flooding must have a high potential to result in a significant threat to the health and safety of the public.

- Complete failure of a storm water system (such as a breach of a detention basin) that exposes the public to significant flooding. The flooding must have a high potential to result in a significant threat to the health and safety of the public.

Solid Waste Projects

Examples of deficiencies that would typically be scored at a Level 1:

- A solid waste facility wants to install a greenbelt with trees and drip irrigation to reduce visual impacts of the site.

- A solid waste facility has an odor problem that affects local residents. The facility proposes to install a gas extraction system to reduce odors.

Examples of deficiencies that would typically be scored at a Level 2:

- A solid waste facility with a severe wind blown litter problem that results in frequent public contact with wastes and pollution of the environment. Facility improvements are needed to reduce the litter problems and all viable management techniques have been tried.

- A solid waste handling facility (transfer station or container site) that uses equipment or technology that is not the standard of the industry.

Examples of deficiencies that would typically be scored at a Level 3:

- A community that is making proactive improvements to the infrastructure of a public solid waste system that helps it remain in compliance with current regulatory requirements, ensures compliance with future requirements, or prevents future violations of any applicable state or federal law or regulation. A higher score for proactive improvements could be realized if the improvements address imminent or near term health and safety issues.

- A transfer station or container site that needs to make improvements to improve the safety of a site, so that the likelihood of injury is reduced.

- A community that is making improvements to its facility to reduce the possibility of contamination of valuable environmental resources. For example, closure of unlined landfill areas, improved surface water controls, gas extraction systems, lining systems, etc.

Examples of deficiencies that would typically be scored at a Level 4:

- A community that has inadequate solid waste handling facilities resulting in public contact with wastes and the potential for impact to public health and safety.

- A solid waste facility has contaminated the local groundwater and a community's drinking water supply has a high probability of being contaminated due to inadequate solid waste facilities (such as leaking landfill), but contamination of drinking water has not yet occurred. The contaminant must have a high probability to cause immediate illness or disease in the near term. Remediation efforts including closure, groundwater treatment, drainage improvements, etc. may be included.

- A solid waste facility that has a high probability for injury in the near term without safety upgrades, but has not had injuries to date.

- A solid waste system under court order or a State or Federal directive to make improvements, where the deficiencies may not be directly related to severe human health threats. Deficiencies may be related to negative impacts to the environment such as ground water contamination, gas migration, etc.

- A solid waste facility with a substandard access road, within the facility boundary, where accidents have occurred and there is a high potential for serious injuries to the general public.

Examples of deficiencies that would typically be scored at a Level 5:

- A transfer station or container site that needs safety improvements because of documented injuries or deaths to the public that utilize the facility or facilities designed very similar to it.

- Contamination of drinking water supply by a solid waste system has occurred, and where the contaminant has the potential to cause immediate illness or disease.

- ❑ A solid waste facility with a substandard access road design that has resulted in deaths or serious injuries to the public.

- ❑ Landfill gas migration is occurring resulting in gas accumulation in surrounding structures and there is potential for explosive concentrations of gas to occur.

- ❑ Severe groundwater contamination by a solid waste system has occurred and the groundwater has been documented as a high-value resource such as a sole source aquifer. The contamination may not have affected drinking water sources, but has a high potential to do so in the near future. The facility is under a court order or state directive to solve the deficiency.

Bridge Projects

General Scoring Notes Specifically Related To Bridge Projects

Scores for statutory priority #1 for bridges are generally based on NBI rankings. However, the score level for Statutory Priority #1 may be reduced under the following situations:

- ❑ The bridge does not provide vital access. Some of the factors that will be taken into account are:

  - The number and type of vehicles that regularly cross the bridge,

  - The number of homes that are accessed by crossing the bridge,

  - Whether the users are year-round residents as compared to seasonal users, and

  - Whether the bridge provides access that is considered to be critical. For example, does the bridge provide the only access to an area? If there is an alternative route, does it significantly increase the response time for emergency vehicles? The length and condition of the alternative route will be taken into account;

- ❑ Whether there are reasonable, cost-effective, reliable and long-term management practices that would reduce the safety risks and no other reasonable alternatives, temporary or otherwise are available, such as closing a bridge or performing simple repairs; and

- ❑ If the applicant has not adequately documented the deficiency and impact on the public's safety using bridge inspection data meeting the format and criteria outlined in the National Bridge Inspection (NBI) Coding Guide.

- ❑ If bridge inspections are performed by individuals that do not meet the criteria outlined in 23 CFR 650, subpart C.

In a limited number of situations, the scores for bridges may be based on criteria other than the NBI rankings. When appropriate, a score may be based on the same health and safety criteria used to score other types of projects.

Examples of deficiencies that would typically be scored at a Level 1:

- ❑ The failure to provide NBI inspection data from MDT, or a qualified professional engineer, or a certified bridge inspector, will result in a level 1 score for a bridge.

Examples of deficiencies that would typically be scored at a Level 2:

- ❑ NBI Sufficiency Rating (S.R.): S.R. greater than 50%, but less than or equal to 80% and

- ❑ 1) NBI Bridge Appraisal (Structural Evaluation) Rating: the appraisal item for the overall structure must receive a minimum score of “5" or

  2) NBI Bridge Element Condition Rating: one of the condition ratings for the bridge deck, superstructure, or substructure must receive a minimum score of “6" or “7".

- ❑ A new bridge, or if a bridge is proposed to replace a culvert, where none previously existed, could receive a Level 2 score if the public safety could be adversely affected if the bridge were not built.

Examples of deficiencies that would typically be scored at a Level 3:

- ❑ NBI Sufficiency Rating (S.R.): S.R. greater than 50%, but less than or equal to 80% and

- ❑ 1) NBI Bridge Appraisal (Structural Evaluation) Rating: the appraisal item for the overall structure must receive a minimum score of “4" or

  2) NBI Bridge Element Condition Rating: one of the condition ratings for the bridge deck, superstructure, or substructure must receive a minimum score of “4" or “5".

- ❑ If the bridge has failed or washed out, or if a bridge is proposed to replace a culvert, such that there are no applicable NBI ratings, then a Level 3 score could be given if there is a high probability of significant risk in the long term to public safety as a result of the bridge closure or the condition of the culvert. A new bridge, where none previously existed, could receive a Level 3 score if a high probability of significant risk in the long term to public safety could be shown if the bridge was not built.

Examples of deficiencies that would typically be scored at a Level 4:

- ❑ NBI Sufficiency Rating (S.R.): S.R. less than or equal to 50% and

- ❑ 1) NBI Bridge Appraisal (Structural Evaluation) Rating: the appraisal item for the overall structure must receive a minimum score of “3" or

  2) NBI Bridge Element Condition Rating: one of the condition ratings for the bridge deck, superstructure, or substructure must receive a minimum score of “3" or “4".

- ❑ If the bridge has failed or washed out, or if a bridge is proposed to replace a culvert, such that there are no applicable NBI ratings, then a Level 4 score could be given if there is a high probability of significant risk in the short term to public safety as a result of the bridge closure or the condition of the culvert. A new bridge, where none previously existed, could receive a Level 4 score if a high probability of significant risk in the short term to public safety could be shown if the bridge was not built.

Examples of deficiencies that would typically be scored at a Level 5:

- ❑ NBI Sufficiency Rating (S.R.): S.R. less than or equal to 50% and

- ❑ 1) NBI Bridge Appraisal (Structural Evaluation) Rating: the appraisal item for the overall structure must receive a minimum score of “2" or less, or

  2) NBI Bridge Element Condition Rating: one of the condition ratings for the bridge deck, superstructure, or substructure must receive a minimum score of “2" or less.

- If the bridge has failed or washed out, or if a bridge is proposed to replace a culvert, such that there are no applicable NBI ratings, then a Level 5 score could be given if there is currently a significant risk to public safety as a result of the bridge closure or the condition of the culvert.

Statutory Priority #2 – Projects that reflect greater need for financial assistance than other projects.

This priority will be automatically scored using a computer analysis that is based on predetermined parameters. However for some types of projects, such as bridge projects, that are not analyzed using the automated target rate analysis, the point level scores for the second financial indicator will be manually inserted into the automated analysis. In addition, the computer assigned score may be manually increased if the applicant adequately documents that dramatic economic or demographic changes have occurred since the 2000 census.

Statutory Priority #3 - Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

General Scoring Notes Related To Statutory Priority #3

Examples where the score level for Statutory Priority #3 will likely be reduced include, but are not limited to, the following situations:

- If documentation is not provided, or is considered to be inadequate. In order for an applicant to receive full credit for statements made in the PER or application, documentation is required.
- If the PER does not clearly define what will take place in the project phase for which funds are currently being requested.
- If the PER ignores a more serious problem than the chosen alternative would solve.
- If the PER does not contain information that is required by the latest edition of the Uniform Application and it is deemed to be important. Especially if the:
  - PER does not discuss future permit limits or regulatory requirements, or
  - Problem definition, alternatives analysis, environmental documentation, or cost estimates are incomplete or lack sufficient detail.

At the discretion of the department, issues not adequately addressed in the PER may be weighted depending on the cost of that project component compared to the total cost of the project, and how important the component is to the overall project. For instance, it the issue that was not adequately addressed relates to a minor deficiency and represents only a small portion of the cost, the score would not likely be impacted as much as if the issue relates to a serious deficiency or represents a significant portion of the cost.

Statutory Priority #3 uses only four point levels to score the technical aspects of the application. As a result, points for Statutory Priority #3 are awarded using a quartile system. The reason for this change is due to the difficulty in distinguishing between a PER that is essentially complete and one that may have only minor issues not adequately discussed. With only four levels, a PER is considered either reasonably adequate and is assigned the maximum number of points, or there are clearly some important issues not adequately addressed and a lesser number of points are assigned.

Level 1 The Applicant did not demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs.

The application did not provide sufficient information to properly review the proposed project. Either the preliminary engineering report was not submitted with the application, or if it was submitted, did not address numerous critical issues needed to evaluate the project proposed by the Applicant.

Level 2 — The Applicant inadequately demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs; or, the preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed. These issues raised questions regarding the appropriateness of the solution selected by the Applicant.

Level 3 — The Applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. However, the preliminary engineering report was not as complete as it should have been and there were some potentially important issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.

Level 4 — The Applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report was generally complete and there were no issues, or only minor issues, that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.

Statutory Priority #4 - Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

General Scoring Notes Related To Statutory Priority #4

The score level for Statutory Priority #4 will likely be reduced under the following situations:

- If documentation is not provided, or is considered to be inadequate. In order for an applicant to receive full credit for statements made in the application, documentation is required. Adequate documentation does not require that entire plans be submitted. Instead, include the cover page, table of contents, and any other relevant pages relating to the system or project. Documentation should also include whether a plan has been adopted. A completed signature page should be submitted, or an official resolution showing something was adopted should be included.
- If an RSID/county operated system has not yet been legally formed as a county water and sewer district.
- If the applicant does not have a metered water system and meters are not proposed as part of the project. The applicant must adequately demonstrate that meters would not be appropriate.
- If operations and maintenance budgets or practices are considered to be less than adequate.
- Lack of, or having an insufficient, capital improvements plan (CIP). The CIP must be comprehensive, adopted, and updated annually. The applicant must demonstrate that the CIP is actively being used as a budgeting tool. County water and sewer districts should include information related to the county's CIP to obtain full credit toward this requirement.

- ❑ Insufficient detail. Rather than simply stating what is currently the state of affairs, provide a history. Include when something was first adopted and the years when changes or revisions occurred. For example, provide a history of rate changes, or in addition to stating the town has a capital improvements plan, state when the plan was first created and the years that it was updated.

Level 1 The applicant did not demonstrate that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, or to resolve its infrastructure problems with local resources.

- ❑ This level will be assigned if the current condition of the system is attributable to grossly inadequate operation and maintenance budgets and poor maintenance practices, and, as a result, has not reasonably maintained the system in proper working condition. In addition, the applicant has not adequately taken advantage of other measures that could have improved the situation of the system.

Level 2 The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ This level will be assigned if the applicant recently formed as a County Water and Sewer District to take over the operation of an existing private system.
- ❑ This level will be assigned if the applicant appears to have had operation and maintenance budgets and practices that do not appear to be reasonably adequate, which have contributed to the deficiencies that will be resolved by the proposed project. In addition, the applicant has not reasonably demonstrated that it has made adequate changes to preclude these practices from continuing.
- ❑ This level will be assigned if the applicant has reasonable operation and maintenance budgets and practices, but has not taken advantage of the various types of planning tools available (including but not limited to a CIP, growth policy, and needs assessments) or the proposed project does not appear to be consistent with the goals and objectives of adopted plans.

Level 3 The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ This level will be assigned if the applicant recently formed as a County Water and Sewer District to take over the operation of system operated by a county through an RSID.
- ❑ This level will be assigned if the applicant appears to have had operation and maintenance budgets and practices that do not appear to be reasonably adequate, but has clearly demonstrated that it has made adequate changes to preclude these practices from reoccurring.
- ❑ This level will be assigned when the applicant has reasonable operation and maintenance budgets and practices, but has only recently started to utilize various types of planning tools available (including but not limited to a CIP, growth policy, and a comprehensive needs assessments) and the proposed project promotes the goals and objectives of those plans.
- ❑ In order for an applicant to be credited with having a CIP, it must be a separate stand alone document. An applicant using the PER as a substitute for a CIP will receive no more than a level 3 score.

Level 4 The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ This level will be assigned when the applicant has reasonable operation and maintenance budgets and practices, and has demonstrated that it takes a proactive approach to solving its infrastructure problems. The applicant has also utilized one or more of the various types of planning tools available (including but not limited to a CIP, growth policy, and needs assessments) for more than two years, the CIP is actively used and updated annually, and the proposed project promotes the goals and objectives of those plans.
- ❑ This level will be assigned if the CIP is not a comprehensive document, but is only concerned with limited components of the applicant's infrastructure.

Level 5 The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ This level will be assigned when the applicant has reasonable operation and maintenance budgets and practices, and has demonstrated that it takes a proactive approach to solving its infrastructure problems. The applicant has also utilized multiple forms of the various types of planning tools available (including but not limited to a CIP, growth policy, and needs assessments) for many years, and the proposed project promotes the goals and objectives of those plans. In order to receive a level 5 score, the applicant must have an adopted, comprehensive CIP, that has been utilized for at least four years and has been updated annually.

<u>Statutory Priority #5</u> - Projects that enable local governments to obtain funds from sources other than TSEP.

General Scoring Notes Related To Statutory Priority #5

The score level for Statutory Priority #5 will likely be reduced under the following situations:

- ❑ If documentation is not provided, or is considered to be inadequate. In order for an applicant to receive full credit for statements made in the application, documentation is required.
- ❑ If an RSID/county operated system has not yet been legally formed as a county water and sewer district.
- ❑ If the local government will be required to have a bond election or create a SID/RID, and it has not yet taken place. Due to the uncertainty of being able to pass a bond election or create a SID/RID, the score level will be less likely to be reduced if the local government can strongly demonstrate that it will likely be able to pass the bond election or create the SID/RID. Simply showing strong support for the creation of a district does not satisfy this requirement.
- ❑ If the applicant is intending to use an SRF loan, or a STAG or WRDA grant, and is not listed on the SRF Priority List.
- ❑ If an applicant that is intending to obtain a STAG or WRDA grant has not provided documentation that the grant has been obtained or has a strong likelihood of being obtained. Having secured the grant in advance of applying to TSEP will ensure the maximum number of points possible.
- ❑ If grant amounts appear to be unreasonable. The applicant should provide documentation that the amount requested is within the limitations of the program.

- ❑ If the applicant has not adequately demonstrated that the project can proceed forward if a particular grant is not obtained. In order to receive the maximum number of points possible, the applicant must provide a reasonable alternate funding scenario that would ensure that the project can proceed in the event a particular grant is not received. If the alternative funding scenario requires an increase in the loan amount, applicants must also demonstrate that residents would still support the project if the alternative funding scenario must be used.

An applicant will not be scored down if it chooses not to include a particular source of funding as part of the financial package, as long as it is adequately discussed and there is reasonable justification for not pursuing the grant or loan. The following funding programs must be discussed: RRGL, CDBG, and RD grants, and SRF and RD loans.

Level 1 The applicant did not demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The funding package for the proposed project does not appear to be reasonable or viable, since there are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ This level will be assigned when the applicant does not submit the required financial information that would allow the TSEP staff to adequately evaluate the funding package.
- ❑ This level is also assigned if the funding package does not appear to be viable and it is unclear how the project could move forward.

Level 2 The applicant inadequately demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ This level will be assigned when the applicant's efforts to examine appropriate funding sources was grossly inadequate, and/or the funding package for the proposed project appears to have numerous potential problems that could affect its viability.

Level 3 The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ This level will be assigned when the applicant appears to have a potentially viable funding package, but has not thoroughly examined all of the appropriate funding sources.

Level 4 The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ This level will be assigned when the applicant has documented that it has thoroughly examined all of the appropriate funding sources, and appears to have a viable funding package.

Level 5 The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

- ❑ This level will be assigned when the applicant has documented that it has thoroughly examined all of the appropriate funding sources, appears to have a potentially viable funding package, and it appears that the TSEP funds are vital to the proposed project moving forward. TSEP funding might be considered critical to the project if there are no other reasonable grants or loan sources available to help finance the project. Loans would be considered a reasonable alternative if projected user rates without TSEP funds would still be less than 150% of the target rate. TSEP funds for a bridge project are not considered vital to the proposed project if there is more than one bridge proposed.

Statutory Priority #6 - Projects that provide long-term, full-time job opportunities for Montanans, or that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or that encourage expansion of the tax base.

General Scoring Notes Related To Statutory Priority #6

The score level for Statutory Priority #6 will likely be reduced under the following situations:

- ❑ If the applicant has not adequately demonstrated that the creation of specific jobs or business expansion is dependent upon the proposed improvements. There must be a direct link. If the increase in jobs or business expansion could or will occur without the proposed improvements, there would be no direct connection between the TSEP project and the job creation or business expansion.
- ❑ If the applicant has not provided reasonable documentation demonstrating the intent of a particular business to expand or increase the number of jobs. Business plans, letters of intent, and documented testimony are ways to document intent.
- ❑ If documentation is not provided, or is considered to be inadequate. In order for an applicant to receive full credit for statements made in the application, documentation must be provided.

Level 1 The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- ❑ This level will be assigned when only residential areas are affected and there is no reasonable potential for economic development other than home-based businesses that do not require the improvements to be made in order to continue to operate or to start-up. (If the improvements are required in order for home-based businesses to continue to

operate or to start-up, they must be permitted uses within the residential development. Applicants must clearly demonstrate the necessity for the improvements. These situations will be scored at one of the higher levels based on the specifics of the situation.)

Level 2 The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities (*or* provide the infrastructure needed for housing that is necessary for an expanding workforce related to a specific business development). The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the *(type)* system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

- ❑ This level will be assigned when both residential and commercial areas would be indirectly benefited, because the project would not directly benefit any specific businesses or directly result in the retention or creation of new jobs.

Level 3 The applicant sufficiently demonstrated that the proposed project is necessary for a specific economic development project. The applicant cited a specific business that would be dependent on the proposed improvements being made and provided reasonable documentation showing that the business owner intends to proceed with the business expansion. If it occurs, the business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the *(type)* system. The proposed project would likely add to the tax base if the business expansion occurs.

- ❑ This level will be assigned when a specific business expansion is dependent on the proposed project, and there is reasonable documentation from the business owner demonstrating the intent of the business owner to proceed.

Level 4 The applicant strongly demonstrated that the proposed project is necessary for a specific economic development project to proceed. The applicant cited a specific business that would be dependent on the proposed improvements being made, and provided sufficient documentation from the business owner of the intent to proceed with the business expansion. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the *(type)* system. The proposed project would likely add to the tax base.

- ❑ This level will be assigned when a specific business expansion is dependent on the proposed project, and there is detailed information from the business owner strongly demonstrating that business expansion would occur resulting in numerous new jobs.

Level 5 The applicant conclusively demonstrated that the proposed project is necessary for a specific economic development project to proceed. The proposed project is necessary to provide the infrastructure necessary for a business that has a high potential for financial success and that would provide long-term, full-time job opportunities for Montanans. The applicant provided business plans describing the expansion of a business(es) and provided documentation supporting the probable creation or retention of long-term, full-time jobs. The business plan persuasively demonstrated the viability of the business proposal. The proposed project

would add to the tax base.

- ❑ This level will be assigned when the project would directly and unquestionably result in business expansion that creates numerous new jobs. The business expansion must be clearly dependent upon the proposed project. The viability of the business proposal has been clearly demonstrated by the submittal of a complete business plan.

Statutory Priority #7 - Projects that are high local priorities and have strong community support.

General Scoring Notes Related To Statutory Priority #7

The score level for Statutory Priority #7 will likely be reduced under the following situations:

- ❑ If documentation is not provided, or is considered to be inadequate. In order for an applicant to receive full credit for statements made in the application, documentation is required.
- ❑ If an RSID/county-operated system has not yet been legally formed as a county water and sewer district.
- ❑ If the applicant did not adequately demonstrate that at least one hearing was held, the hearing was adequately noticed, or that people were adequately informed about the cost of the project and the impact on users rates.
- ❑ If the applicant did not adequately demonstrate that residential users are in support of the project. Support for the project can be demonstrated by numerous letters from the general public, petitions signed by area residents, or minutes from a public meeting clearly demonstrating that a large number of residents are in support of the proposed project. In order to receive maximum credit, applicants must show that residents are in support of the project under the various funding scenarios, and not just in support of applying for grants or that they are in support of the project, if they can obtain all of the grants that are proposed.
- ❑ If the applicant did not adequately demonstrate that the project is a high local priority. County water and sewer districts should include information related to the county's CIP to obtain full credit toward this requirement.

Level 1 The applicant did not demonstrate that the proposed project is a high priority or has the support of the community. The applicant's efforts to inform the public about the project were grossly inadequate.

- ❑ This level will be assigned when an applicant that has not documented that it held a public meeting within the 12 months prior to submitting the application, or taken other actions to adequately inform the public about the project.
- ❑ This level will be assigned if it appears that there is little evidence of public support for the project. This may be demonstrated by a high percent of the applicant's constituency being against the project, or when the public has clearly stated that the proposed user rates would not be acceptable.

Level 2 The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing or meeting (*or* the public was reasonably informed about the proposed project in a timely manner), but did not inform the community about the cost of the project and the impact on user rates.

- ❑ This level will be assigned when applicants that held a meeting about the proposed project, but did not adequately document that it informed the public about the estimated costs of the proposed project and the impact per household.
- ❑ This level will be assigned if the public meeting was inadequately advertised in order to ensure that residents would have a reasonable opportunity to be in attendance at the public meeting.
- ❑ This level will be assigned when a public meeting is not held, but the applicant has adequately demonstrated that the public has been reasonably informed about the proposed project.
- ❑ This level will be assigned if it appears that there is limited public support for the project; numerous people are against the project and could potentially cause the project to not move forward.

Level 3 The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

- ❑ This level will be assigned when an applicant that has documented that it held at least one adequately noticed public meeting to inform the public about the proposed project and its estimated impact to user rates per household, and solicited comments from the public. These actions are also required to obtain a Level 4 or 5 score.

Level 4 The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

- ❑ This level will be assigned only if the applicant provided multiple opportunities to learn about and comment on the proposed project.
- ❑ This level will be assigned only if the applicant has adequately demonstrated that: residential users are clearly and strongly in support of the project, or that the local needs have been reasonably prioritized and the proposed project is a high local priority.

Level 5 The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

- ❑ This level will be assigned only if the applicant provided multiple opportunities to learn about and comment on the proposed project.
- ❑ This level will be assigned only if the applicant has adequately demonstrated both support for the project and that it is a high local priority. Residential users must be clearly and strongly in support of the project. Local needs have been reasonably prioritized and the proposed project is a high local priority.

APPENDIX C

STATUS OF UNCOMPLETED TSEP PROJECTS THAT WERE PREVIOUSLY APPROPRIATED FUNDING

A complete list of projects that have been awarded TSEP funds since 1993, including projects that have been completed, can be found at the program's Internet site http://comdev.mt.gov/CDD_TSEP.asp.

(Note: Reader may need to refer to glossary of abbreviations on pages 26 and 27)

Projects Approved by the 1993 Legislature

Twenty-one projects were funded with TSEP grants totaling $3,966,458. All of the projects have been completed and closed-out. One project was awarded a grant, and four a loan, but none of these projects moved forward with TSEP funds.

Projects Approved by the 1995 Legislature

Fifteen projects were funded with TSEP grants totaling $4,991,029. All but one of the projects have been completed and closed-out.

NAME OF RECIPIENT	**East Glacier Park Water and Sewage District (Glacier County)**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant/Blackfeet Tribe
	$ 500,000	TSEP Grant/Browning
	$ 306,555	TSEP Grant/E. Glacier
	$ 500,000	CDBG Grant/Browning
	$ 800,000	Indian CDBG Grant
	$ 720,000	EPA Grant
	$ 1,500,000	Tribal Housing
	$ 800,000	Indian Health Services
	$ 100,000	RD Grant
	$ 6,279,234	RD Loan
TOTAL	$12,005,789	

PROJECT SUMMARY: The district provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source. The district is under a DEQ boil order and is required to install water treatment facilities by 1996. The project, as originally proposed, was to include the construction of a surface water treatment plant. The scope of the project has been modified, whereby the district and the Town of Browning would receive water from a new water treatment plant being constructed by the Blackfeet Tribe. The funding for this treatment plant and transmission mains include the funds provided to East Glacier.

PROJECT STATUS: The intake and the transmission main to East Glacier has been completed and the construction of the water treatment plant is anticipated to be completed in the Fall of 2008. The TSEP grants awarded to the district and the tribe were used to help fund the treatment plant. The transmission main and a storage tank to serve the town is anticipated to be constructed in 2009. The funding package for the last phase is still incomplete; therefore, the town has not yet been able to meet its start-up conditions.

Projects Approved by the 1997 Legislature

Forty applications requesting $17,079,532 in TSEP funds were submitted for the 1999 biennium ($15,524,536 in grant funds and $1,554,996 in loan funds). The 1997 Legislature approved $13,719,979 in TSEP grant funds for 35 projects and $1,855,472 in TSEP loan funds for four projects. However, based on the actual amount of TSEP funds that became available during the 1999 biennium, only 22 projects actually received TSEP grant funds totaling $9,111,292. None of the TSEP loans were utilized since other loan sources were available with better rates and terms. **All of the projects have been completed.**

Projects Approved by the 1999 Legislature

Forty-one applications requesting $15.85 million in TSEP funds were submitted for the 2001 biennium. The 1999 Legislature approved $11,431,612 in TSEP grant funds for 28 projects. One grant was terminated at the request of the grantee. **All of the projects have been completed.**

Projects Approved by the 2001 Legislature

Thirty-Eight applications requesting $16.77 million in TSEP funds were submitted for the 2003 biennium. The 2001 Legislature approved $13,672,060 in TSEP grant funds for 31 projects. One grant was terminated at the request of the grantee, and two were terminated later by the Legislature. **All but three of the projects have been completed.**

NAME 0F RECIPIENT	**Blackfeet Tribe and Town of Browning**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant/Blackfeet Tribe
	$ 500,000	TSEP Grant/Browning
	$ 306,555	TSEP Grant/E. Glacier Water District
	$ 500,000	CDBG Grant/Browning
	$ 800,000	Indian CDBG Grant
	$ 720,000	EPA Grant
	$ 1,500,000	Tribal Housing
	$ 800,000	Indian Health Services
	$ 100,000	RD Grant
	$ 6,279,234	RD Loan
TOTAL	$12,005,789	

PROJECT SUMMARY: The town's water system has the following deficiencies: limited ground water supply, and high iron and manganese content. The district (East Glacier) provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source, has been under a DEQ boil order, and is required to install water treatment facilities. The Blackfeet Tribe joined with these two communities to resolve their problems by providing water to them. *Major elements of the project include constructing a treatment plant on Lower Two Medicine Lake, storage, and transmission lines to East Glacier and Browning.*

PROJECT STATUS: The intake and the transmission main to East Glacier has been completed and the construction of the water treatment plant is anticipated to be completed in the Fall of 2008. The TSEP grants awarded to the district and the tribe were used to help fund the treatment plant. The transmission main and a storage tank to serve the town is anticipated to be constructed in 2009. The funding package for the last phase is still incomplete; therefore, the town has not yet been able to meet its start-up conditions.

NAME 0F RECIPIENT	**Essex Water and Sewer District (Flathead County)**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 100,000	TSEP Grant
	$ 120,000	BNSF Grant
	$ 30,000	Local Funds
TOTAL	$ 250,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: inadequate screening at the intake allows forest debris and mud to enter the system during periods of high run-off, the chlorination facility is sub-standard in terms of ventilation and chlorine segregation, sustained power outages occur frequently, rendering pumping facilities associated with other area water systems inoperable, small diameter distribution mains are buried two feet or less in the ground and freeze frequently in areas where the snow cover is removed for vehicle access, large portion of the transmission main is laid on top of the ground or is covered by two feet or less of forest duff, the cast iron transmission main is deteriorating, and an elevated 40,000 gallon storage tank is aging. Major elements of the project originally included constructing a deep well in a known productive aquifer, constructing chlorination facilities, replacing the distribution system in public right of way with four-inch PVC pipe, connecting all existing services, and constructing a 30,000-gallon storage tank. However, the district did not move forward with the project and the department recommended to the 2005 Legislature that the TSEP grant for this project be terminated. However, because DEQ has major issues with the current water supply and the district agree to move forward with a smaller project, the Legislature reduced the TSEP amount to $100,000 and reduced the scope to just constructing a new well.

PROJECT STATUS: Contract has been signed, firm commitment of funds has been shown; but, no other start-up conditions have been met. Well has been drilled.

NAME 0F RECIPIENT	**Lambert County Water and Sewer District (Richland County)**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 242,450	CDBG Grant
	$ 100,000	RRGL Grant
	$ 36,000	SRF Loan
	$ 25,000	Local Funds
TOTAL	$ 770,000	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: high levels of fluoride, water source fails to meet DEQ requirements regarding source capacity and number of sources, and breakages in water service connections have allowed coliform bacteria to infiltrate the water system. *Major elements of the project include constructing a new reverse osmosis water treatment facility, drilling a new well, installing water meters, and replacing water service connections.*

PROJECT STATUS: Construction has been completed, with the exception of water meters which are currently being installed.

Projects Approved by the 2003 Legislature

Fifty-five applications requesting $21,902,149 in TSEP funds were submitted for the 2005 biennium. The 2003 Legislature approved $15,653,331 in TSEP grant funds for 40 projects. **All but seven of the projects have been completed.**

NAME 0F RECIPIENT	**Missoula, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 70,000	RRGL Grant
	$1,078,846	Local Funds
	$ 482,100	STAG Grant
	$2,861,000	SRF Loan
TOTAL	$4,991,946	

PROJECT SUMMARY: A portion of Rattlesnake Valley area within the City of Missoula has the following problems: the area has a significant number of on-site wastewater treatment systems that are inadequate and/or that have failed, and are polluting the city's sole source aquifer and causing high nutrient loading of the Clark Fork River. *The project would consist of constructing collector lines that would be connected to the city's wastewater system.*

PROJECT STATUS: The contract has been signed. A series of lawsuits delayed the commitment of a STAG grant that was obtained for the project. The Federal lawsuit was won by the City and EPA at the Ninth Circuit Court in December 2007, and no plaintiff appeal has occurred. In April 2008, a contract between EPA and the City was executed for the STAG funds. Three subdistricts have been connected at a total cost of $1,935,130. The TSEP funds will be used to connect the remainder of the subdistricts. The TSEP funds cannot be committed until the STAG funds are released and the remaining start-up conditions are met.

NAME 0F RECIPIENT	**Pablo – Lake County Water and Sewer District**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 500,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 477,900	STAG Grant
	$1,193,300	RD Grant
	$ 887,200	RD Loan
TOTAL	$3,658,400	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: an undersized treatment system, and a directive from the Confederated Salish and Kootenai Tribes to eliminate the use of rapid infiltration cells if the system is expanded. *Major elements of the project include: the abandoning the rapid infiltration cells, constructing three new storage cells and a spray irrigation pumping facility, and expanding the spray irrigation system.*

PROJECT STATUS: Construction is complete; however, there are problems with the irrigation system that need to be addressed.

NAME 0F RECIPIENT	**Richland County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 351,625	TSEP Grant
	$ 351,625	Local Funds
TOTAL	$ 703,250	

PROJECT SUMMARY: The county has four bridges (West Finnicum Bridge, East Palmer Bridge, Vournas Bridge and East Carlson Bridge) with a variety of deficiencies. *The project consists of replacing all four bridges.*

PROJECT STATUS: The West Finnicum Bridge, East Palmer Bridge, and East Carlson Bridges are complete. The Vournas Bridge is in final design.

NAME 0F RECIPIENT	**Sheaver's Creek District**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 276,000	RD Loan
	$ 585,400	RD Grant
	$ 500,000	RD Grant
TOTAL	$1,961,400	

PROJECT SUMMARY: The district's water system has the following deficiencies: fluoride levels exceeding EPA maximum contaminant level, possible spring under the influence of surface water, unburied transmission line, storage tank with no cover, undersized distribution mains, leaking distribution lines, inadequate storage, no fire service or hydrants, pressures below 20 psi, and no easements for repair. *The major components of the project include: Drilling three new wells, installing approximately 19,000 feet of mains, installing approximately 118 new services and meters, constructing a 140,000-gallon storage tank, and installing approximately 30 fire hydrants. TSEP funds will be used to pay for the drilling of one new well, constructing the storage tank, and installing the fire hydrants.*

PROJECT STATUS: The second phase, which will be funded by TSEP, has been bid and construction will begin soon.

NAME 0F RECIPIENT	**Sheridan County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 210,775	TSEP Grant
	$ 210,775	Local Funds
TOTAL	$ 421,550	

PROJECT SUMMARY: The county has eight bridges (Rovig Bridge, East Twin Bridge, Dale Drawbond Bridge, Eagle Creek Bridge, Don Johnson Bridge, East and West Orvis Nelson Bridges, and North Dagmar Bridge) with a variety of deficiencies. *The original project consisted of replacing all eight bridges, but was modified to include only four bridges.*

PROJECT STATUS: Construction is complete on the East & West Orvis Nelson Bridges, North Dagmar Bridge, and Don Johnson Bridge. Eagle Creek Bridge is under construction.

NAME 0F RECIPIENT	**Stanford, Town of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 192,000	RD Grant
	$1,144,900	RD Loan
TOTAL	$1,764,100	

PROJECT SUMMARY: The town's water system has the following deficiencies: supply cannot meet average daily demand, water quality is poor, inadequate pressure, and 29 fire hydrants are 74 years old with inadequate size, leakage and some are inoperable. *Major elements of the project include: drilling two new wells, rehabilitating existing wells, constructing a 316,000-gallon storage tank and 3,200 feet of distribution lines, and replacing 29 fire hydrants.*

PROJECT STATUS: Most of the construction is completed. The last component, the remaining 820 feet of distribution main, was recently awarded a construction contract.

NAME 0F RECIPIENT	**Troy, City of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 400,000	CDBG Grant
	$ 100,000	RRGL Grant
	$2,350,000	RD Loan
TOTAL	$3,350,000	

PROJECT SUMMARY: The city's water system has the following deficiencies: leakage causing loss of nearly half of the supply, inadequate storage, lack of metering, and contamination from a shallow well. *Major elements of the project include: drilling a new well, adding a disinfection system replacing 2,000 feet of main and 18,000 feet of service line, constructing a 180,000-gallon storage tank, and installing meters on all service connections.*

PROJECT STATUS: The construction has been completed with the exception of disinfection; TSEP is withholding the $10,000 retainage until disinfection (hypochlorination) is completed.

Projects Approved by the 2005 Legislature

Forty-seven applications requesting $18,551,674 in TSEP funds were submitted for the 2007 biennium. The 2005 Legislature approved $15,968,253 in TSEP grant funds for 40 projects. **All but 13 of the projects have been completed.**

NAME 0F RECIPIENT	**Beaverhead County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 84,886	TSEP Grant
	$ 84,886	Local Funds
TOTAL	$ 169,772	

PROJECT SUMMARY: The 3rd Avenue Bridge has a variety of deficiencies. *The project consists of replacing the existing bridge.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Big Fork County Water and Sewer District**	
TYPE OF PROJECT	New Wastewater System	
FUNDING	$ 460,000	TSEP Grant
	$ 460,000	SRF Loan
TOTAL	$ 920,000	

PROJECT SUMMARY: Mayport Harbor is located between the Flathead River and the district, and has the following problems: individual septic tank systems, phosphorous breakthrough is potentially occurring in certain locations, the area is subject to high groundwater, poorly treated sewage is potentially degrading state waters, lot sizes are less than the minimum required for onsite sewer, setbacks from surface water are less than the minimum distance required, and the systems are in flood prone areas. *Major elements of the project include: installing approximately 4,500 feet of four-inch PVC service lines; 3,350 feet of eight-inch PVC gravity main; and 1,000 feet of four-inch PVC force main connecting the Mayport Harbor area to the district's wastewater system, and constructing a lift station.*

PROJECT STATUS: Design is complete and construction is anticipated to begin in March 2009.

NAME OF RECIPIENT	**Conrad, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$2,942,400	RD Loan
	$ 477,000	STAG Grant
	$ 245,000	WRDA Grant
	$ 28,553	Local Funds
TOTAL	$4,192,953	

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: treatment facility is in excess of its 20-year life expectancy, with some mechanical portions as old as 35 years, frequent and reoccurring effluent permit violations for biochemical oxygen demand (BOD) and total suspended solids (TSS), despite an active flow management program that attempts to minimize spring turnover effects, sludge level accumulation in the primary cell exceeds six feet in depth and has recently created a visible sludge "beach" near the cell inlet, and sludge depth in the two facultative cells exceeds three feet. *Major elements of the project include: construct a partially-mixed aerated lagoon system, install ultraviolet disinfection facilities, and dewater, remove, and land apply the accumulated sludge. Along with the original scope of work the City is also addressing Stream Reclassifications, incorporating grit removal, sludge thickening, and ammonia removal.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Glacier County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$2,575,755	SAFTU Grant
TOTAL	$3,075,755	

PROJECT SUMMARY: The St. Mary's Bridge has a variety of deficiencies. *The project consists of replacing the existing bridge. The new bridge would be for vehicles only and would no longer be used by the St. Mary Canal to support the pipes.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Glasgow, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$2,195,000	SRF Loan
	$ 245,000	WRDA Grant
	$ 15,000	RRGL PER Grant
	$ 45,000	Local Funds
TOTAL	$3,000,000	

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: the treatment facility has reached the end of its useful life, the DEQ has issued two violation letters for failure to meet permitting requirements, ammonia discharge permit limits cannot be met in July and August, the aeration system and baffles within the treatment cells are in poor condition, numerous diffusers are inoperable, current treatment facility would not be able to meet future disinfection standards, lift station pumps are over 30 years old and have reached the end of their useful life, and no back-up source of power for the lift station, which has experienced 18 power outages. *Major elements of the project include: upgrade the existing treatment plant to a four-cell advanced aerated lagoon facility, replace the lift station pumps, rehabilitate the lift station's wet well, and install a new back-up power supply at the lift station.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Hill County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 450,750	TSEP Grants
	$ 129,832	Local Funds
	$ 318,016	In-kind
TOTAL	$ 898,598	

PROJECT SUMMARY: The county has three bridges (The Big Sage Bridge, The Lineweaver Bridge and Henry's Bridge) with a variety of deficiencies. *The project consists of replacing all three bridges.*

PROJECT STATUS: Hingham and Lineweaver Bridges are under construction, and the Henry's Bridge is on hold pending an agreement with the tribe.

NAME OF RECIPIENT	**Hysham, Town of**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 462,359	TSEP Grant
	$ 15,000	Local Funds
	$ 453,799	RD Loan
TOTAL	$ 931,158	

PROJECT SUMMARY: The town's water system has the following deficiencies: a decline in the Yellowstone River water level has reduced the head available to drive water through the sand and gravel and into the infiltration gallery, the edge of the surface water has moved laterally away from the infiltration gallery line causing an increase in the groundwater flow path from the river to the infiltration gallery, clarification and filtration basins are showing severe signs of rust and deterioration, no check valve and foot valve in the pump station results in back flushing of filter media into the low service pump caisson, loss of filter media in the Yellowstone River, control system is antiquated and worn out, and deteriorated and undersized water mains in parts of the distribution system. *Major elements of the project include: extend the infiltration gallery further out into the river, rehabilitate the clarification and filtration basins, install check valves, and restore the supply of filter media, and replace the control system with a new supervisory control and data acquisition system.*

PROJECT STATUS: In construction, anticipated to be completed by the end of 2008.

NAME OF RECIPIENT	**Libby, City of**	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 100,000	RRGL Grant
	$1,400,000	STAG Grant
	$ 500,000	WRDA Grant
	$ 79,000	SRF Loan
	$ 12,000	Local Funds
TOTAL	$2,591,000	

PROJECT SUMMARY: the Cabinet Heights area has the following problems: drainfield failures and seepage pits instead of drainfields due to small lots. *Major elements of the project include: extend a gravity collection system from the City of Libby to the Cabinet Heights area, by installing approximately 12,400 feet of eight-inch PVC pipe, construct one lift system, and abandon the existing on-site wastewater treatment and disposal system.*

PROJECT STATUS: Under contract, working on start-up conditions. Still trying to get funding package together.

NAME OF RECIPIENT	**Missoula County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 275,172	TSEP Grant
	$ 275,172	County Local
TOTAL	$ 550,334	

PROJECT SUMMARY: The county's two bridges (La Valle Creek Bridge and Finley Creek Bridge) have a variety of deficiencies. *The project consists of replacing both bridges.*

PROJECT STATUS: In design.

NAME OF RECIPIENT	**Richland County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 453,841	TSEP Grant
	$ 122,479	Local Funds
	$ 331,362	In-kind
TOTAL	$ 907,682	

PROJECT SUMMARY: The county has four bridges (The 4th Street Bridge, The Miller Bridge, The Fox Creek Road Bridge and The Vaira Bridge) with the following deficiencies: *The project consists of replacing all four bridges.*

PROJECT STATUS: Fox Creek Road Bridge is complete. The 4th Street, Miller, and Vaira bridges are in design.

NAME OF RECIPIENT	**Seeley Lake Sewer District**	
TYPE OF PROJECT	New Wastewater System	
FUNDING	$ 500,000	TSEP Grant-District
	$ 750,000	TSEP Grant-County
	$ 100,000	RRGL Grant
	$ 305,000	CDBG Grant
	$1,750,000	STAG Grant
	$1,443,000	WRDA Grant
	$ 262,000	RD Loan
TOTAL	$5,110,000	

PROJECT SUMMARY: The lack of a centralized wastewater system in Seeley Lake has resulted in the following problems: elevated nitrate levels in the groundwater in the areas of high density, increased algae concentrations and turbidity in Seeley Lake, elevated nitrates, phosphorus and fecal coliforms in the groundwater downgradient of the community, and increased nutrient loads facilitate eutrophication of the lake and increases water quality degradation. *Major elements of the project include: construct a new centralized wastewater collection and treatment system that would serve that portion of the district with the highest density. The proposed treatment system is an aerated lagoon with a storage cell and discharge using spray irrigation in the summer months in the adjacent forest.*

PROJECT STATUS: Contract signed, but no other start-up conditions have been met; expected have grant terminated due to lack of funds. Re-applied to TSEP for funding in 2008, seeking new funding.

NAME OF RECIPIENT	**Sweet Grass County**	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	$ 144,989	TSEP Grant
	$ 65,736	Local Funds
	$ 79,253	In-kind
TOTAL	$ 289,978	

PROJECT SUMMARY: The county's three bridges (The Yellowstone Trail Bridges: YT391 and YT536, and The Wheeler Creek Road Bridge) have a variety of deficiencies. *The project consists of replacing all three bridges.*

PROJECT STATUS: County crews will be installing culvert purchased for Yellowstone Trail Bridge, and the other bridges have been replaced.

NAME OF RECIPIENT	**Woods Bay Homesites Lake County Water and Sewer District**	
TYPE OF PROJECT	Water System Improvements	
FUNDING	$ 500,000	TSEP Grant
	$ 443,100	RD Loan
	$ 225,000	RD Grant
	$ 100,000	RRGL Grant
TOTAL	$1,268,100	

PROJECT SUMMARY: The district's water system has the following deficiencies: booster station and well pumphouse do not have backup pumps in violation of the DEQ 1 standards, well pumphouse's access, fire protection, and above ground construction do not meet the DEQ 1 standards, undersized and leaking distribution lines, which result in low water supply and pressure, dead-end distribution mains, inadequate storage facility capacity for fire flows, portions of the system operate at less than the DEQ minimum working pressure of 35 psi, lack of storage facility security, lack of service meters, and lack of fire hydrants. *Major elements of the project include: install approximately 2,400 feet of six-inch PVC and 10,500 feet of eight-inch PVC water main, install approximately 99 service connections and meters, install approximately 14 fire hydrants, upgrade pumphouses, and connect to the adjacent water district's (Sheaver's Creek) water system at two points with eight-inch PVC main, which would allow access to the 140,000 gallon storage tank that is to be constructed in the adjacent district.*

PROJECT STATUS: In design.

Projects Approved by the 2007 Legislature

Fifty-seven applications requesting $33,891,715 in TSEP funds were submitted for the 2009 biennium. The 2007 Legislature approved 56 projects totaling $32,631,715 in TSEP funds. Seven projects have been completed.

NAME OF RECIPIENT	**Town of Bainville**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 715,000	TSEP Grant
	$ 450,000	CDBG Grant
	$ 15,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 89,696	SRF Loan
	$ 80,000	Local Funds
TOTAL	$1,434,696	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: the lagoon leaks a considerable amount of wastewater to groundwater – about 85% of the wastewater entering the lagoons is lost through leakage, the lagoon dikes are severely eroded and in danger of failing, the clay tile collection pipes leak excessively, and there is excessive infiltration and inflow into the system. *The proposed project would clean and videotape all the sewer lines, replace about 2,400 feet of sewer lines, construct a three-cell facultative lagoon and provide a liner for all cells, dispose of the sludge, and provide for the final wastewater disposal through irrigation.*

PROJECT STATUS: Under construction, with completion anticipated in 2009.

NAME OF RECIPIENT	**Town of Big Sandy**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 450,000	CDBG Grant
	$ 662,000	RD Grant
	$ 468,000	RD Loan
	$ 5,000	Local Funds
TOTAL	$2,335,000	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: infiltration of ground water into the system, resulting in extra pumping and treatments; the lift station is aging and unsafe; much of the collection system piping has inadequate slopes that do not meet current standards leading to accumulations of sludge, grit and dirt; there have been documented events of sewage backing up into basements; inadequate number of manholes that makes maintenance difficult; portions of the collection system piping are constructed of inadequate materials that do not meet current standards and are likely contributing to the infiltration problem; lift station backup generator must be turned on manually; several areas in Town are lacking access to sewer service; no provisions for addressing future nutrient permit limits such as nitrogen and phosphorous; the large storage cell does not contain a synthetic liner and may be leaking and contaminating groundwater; possible high ground water at the treatment site, which could complicate draining of cells for maintenance; pontoon aerators tend to freeze up during the winter; chlorine gas used for disinfection poses a safety risk to the operators; no provisions for measuring flow rate or for disinfecting effluent from the existing large storage cell; no provisions for influent flow measurement; the facility will not likely be able to meet total suspended solids (TSS) requirements in its new permit; and the facility has had four biological oxygen demand (BOD) permit violations since 1999. *The proposed project would replace the lift station, replace the generator, replace or install approximately 17,000 feet of six, eight, 10, and 12-inch new sewer main, and replace or install approximately 48 manholes.*

PROJECT STATUS: Project in process of being bid.

NAME OF RECIPIENT	**Bigfork County Water & Sewer District**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$2,025,000	SRF Loan
	$ 396,965	SRF Loan
TOTAL	$3,171,965	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: the lift station components have exceeded their design life at three of the lift stations; infiltration of sewer lines; some of the lift stations and collection system interceptors have limited capacity for growth; the control system at the treatment plant, the headworks facility equipment and many mechanical components including blowers, pumps and motors are approaching the end of their typical 20-year design life; the cleaning mechanism motor for the bar screen at the treatment plant has burned out and the bar screen spacing is too large; corrosion is appearing on framing members of the headworks building at the treatment plant and the roof mounted exhaust fan is not operational; the lift station at the treatment plant has inadequate capacity to meet future wastewater

flows; the existing trickling filters were not designed for nitrification, which raises concerns regarding compliance with a new discharge permit with strict ammonia, total nitrogen and phosphorus limits; and there are capacity and expansion concerns with the treatment plant. *The proposed project would replace the headworks facility, upgrade the treatment plant lift station, upgrade treatment plant controls, and upgrade miscellaneous equipment in order to keep the existing treatment plant operational including pumps, blowers, motors and sludge collection mechanisms.*

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	**Black Eagle Cascade County Water & Sewer District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 365,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 270,000	Local Funds
TOTAL	$ 735,000	

PROJECT SUMMARY: The district's water distribution system has the following deficiencies: frequent water main breaks; failing mains due to age and pipe material; below standard valves, bury depth and looping; undersized mains; and galvanized steel and possibly lead service lines. *The proposed project would replace approximately 225 feet of six-inch main, replace approximately 5,047 feet of eight-inch main, replace approximately 50 service lines, and install 15 fire hydrants.*

PROJECT STATUS: Under construction, with completion anticipated by the end of 2008.

NAME OF RECIPIENT	**Blaine County**	
PROJECT TYPE	Bridge System Improvements	
FUNDING	$ 617,017	TSEP Grant
	$ 371,568	Local Funds
	$ 392,354	Local Funds
TOTAL	$1,235,321	

PROJECT SUMMARY: The county's three bridges have a variety of deficiencies. *The project consists of replacing all three existing bridges.*

PROJECT STATUS: Construction on two bridges is complete; construction on the Battle Creek Bridge to begin January 2009.

NAME OF RECIPIENT	**Brady County Water & Sewer District**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 322,070	CDBG Grant
	$ 115,000	RRGL Grant
	$1,106,936	RD Grant
	$ 460,000	RD Loan
TOTAL	$2,754,006	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: the lagoon was installed without a liner and is leaking; the discharge structure is leaking untreated effluent to land that is open to the public and is in violation of the DEQ permit; the influent pipe to cell #1 is very near the discharge structure causing short and inadequate treatment prior to discharge; sludge has never been removed from the lagoons, thereby reducing detention time; numerous aspects of the lagoon do not meet DEQ standards including lack of piping for flexibility, lack of controlled discharge structure, lack of low measurement device, and lack of adequate detention time; plugs have caused raw sewage to back up into residences; leaking joints

in collection system allow the discharge of raw sewage to the groundwater; and leaking joints in collection system also allow for excessive infiltration during heavy precipitation events. *The proposed project would remove the existing sludge from the lagoons, reconfigure the existing lagoon system into two primary ponds and one secondary/storage pond, install spray irrigation for disposal of the treated effluent, and replace the entire collection system with new pipe.*

PROJECT STATUS: Under contract. Completing remaining start-up conditions.

NAME OF RECIPIENT	**Butte-Silver Bow County**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$3,693,323	Natural Resource Damage Program Grant
	$ 481,108	Local Funds
TOTAL	$4,924,431	

PROJECT SUMMARY: The Butte-Silver Bow water system has the following deficiencies: water mains that have reached the end of their useful life; water mains that are undersized including two-inch diameter and smaller mains which cannot convey the volume of water needed for the daily needs of the community or for fire flows; and leaking water mains. *The proposed project would replace approximately 34,000 feet of water main.*

PROJECT STATUS: Under contract. Completing remaining start-up conditions.

NAME OF RECIPIENT	**Carter Chouteau County Water & Sewer District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 750,000	STAG Grant
TOTAL	$1,500,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: leaks have had to be repaired at an increasing rate in areas in Carter and Floweree along with areas in the north portion of the system; each time a leak repair is made, the entire distribution system has been shut down for several days to facilitate the repairs and pipeline replacement; leakage results in unnecessarily high energy and operation and maintenance cost; and the continual repair of the leaks in the system increases the possibility of contamination being introduced into the system. *The proposed project would replace an additional 95,000 feet of pipe ranging from one to three inches in diameter, and install new booster pump control valves to address pressure surges within the distribution lines.*

PROJECT STATUS: Re-applied for a TSEP grant in 2008 as a back-up, but continuing to try to meet start-up conditions for this grant by the June 30, 2009 deadline.

NAME OF RECIPIENT	**Town of Circle**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 450,000	CDBG Grant
	$ 404,400	RD Loan
TOTAL	$1,604,000	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: the existing wastewater treatment system is marginally functional and has eroded dikes, inoperable transfer piping, broken inlet piping, excessive leakage and no measurement devise on the discharge line or means to determine a change in depth; and the new discharge permit will probably contain stricter limits on fecal coliform discharges that will require disinfection and monitoring requirements for ammonia; abilities that the existing facility does

not currently have. *The proposed project would purchase land for the containment facility and reconfigure the existing lagoon system into a two-cell total containment (non-dischargeing) facility.*

PROJECT STATUS: In design, with construction anticipated in 2009.

NAME OF RECIPEINT	**City of Columbia Falls**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$1,000,000	STAG Grant
	$1,106,000	SRF Loan
	$ 954,000	Local Funds
TOTAL	$3,910,000	

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: key components of the treatment plant have reached the end of their useful life; bar screen is at the end of the useful life; the grit removal system is at the end of its useful life and ventilation is not adequate; the aeration basin is at the end of its useful life and has experienced leaks; changing regulations will require year-round disinfection with no chlorine residual; inadequate storage capacity for biosolids; and lack of a backup power source. *The proposed project would install a new bar screen, install a new grit removal system and improve ventilation, construct a new biological treatment removal process, replace the existing chlorine system with an ultraviolet disinfection system, expand the biosolids storage and develop alternate means of disposal, and a standby generator.*

PROJECT STATUS: Contract has been signed, but no other start-up conditions have been met.

NAME OF PROJECT	**Crow Tribe for Crow Agency**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 769,646	RD Loan
	$ 715,000	RD Grant
	$ 1,100,000	ICDBG Grant
	$ 450,000	CDBG Grant (Big Horn Co.)
	$ 245,000	WRDA Grant
	$ 292,000	Seabees (earthwork)
	$ 477,000	STAG Grant
TOTAL	$4,798,646	

PROJECT SUMMARY: Crow Agency's wastewater system has the following deficiencies: the existing lagoon does not provide adequate detention time to be a facultative lagoon, nor does it provide adequate aeration (mixing) to be an aerated lagoon; the existing wastewater treatment system is undersized for the current population and not capable of meeting current or future needs of the community; and the existing embankments need repair and additional rip rap. *The proposed project would construct a new aerated lagoon at an 80-acre site north of the existing lagoon.*

PROJECT STATUS: The tribe is still trying to obtain a complete funding package in order to complete start-up conditions. The basic earthwork required to form the lagoons has been completed by the Seabees.

NAME OF PROJECT	**City of Cut Bank**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 550,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 250,000	WRDA Grant
	$ 210,000	Local Funds
TOTAL	$1,110,000	

PROJECT SUMMARY: The city's water system has the following deficiencies: Cut Bank Creek experiences rapid changes in turbidity and color and very low stream flows; during low flows of the Creek the city is forced to place restrictions on water use; existing off stream storage may not have sufficient capacity to meet demands during low flow events of long duration and there is a serious risk of running out of water; the treatment plant has no redundant backwash pump, no redundant flocculator, and the sedimentation basin is undersized; the distribution system has pipes that are undersized and corroded; much of the system has pipes that are undersized and corroded; much of the system has deficient fire flow capabilities; leakage in the distribution system and the frequency of repairs are very high; heavily corroded pipelines encourage the growth of biofilms, which harbor bacteria and makes it difficult to maintain a good chlorine residual; heavily corroded pipelines also inhibit flushing velocities; and low pressure could result in backflow and associated contamination. *The proposed project would expand existing off stream raw water storage by adding a new pond adjacent to the existing pond to double the pond volume and add a backwash pump.*

PROJECT STATUS: Project scope modified to the installation of approximately 6,500 feet of 10-inch main, installation of approximately 700 feet of eight-inch main, and replacement of approximately 20 fire hydrants. In design.

NAME OF PROJECT	**Town of Darby**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 878,761	RD Grant
	$1,871,465	RD Loan
	$ 93,000	Local Funds
TOTAL	$3,693,226	

PROJECT SUMMARY: The town's water system has the following deficiencies: the distribution system is leaking almost 70% of the water being pumped; the storage tank is grossly undersized; fire protection is inadequate; and dead-end lines are allowing water to become stagnant. The project has been split into two phases for purposes of funding by RD, with the TSEP funds to be used in the second phase. *The proposed project would construct a new 900,000-gallon water storage tank (phase I), install approximately 20,000 feet of water main (phase II), drill a new well (phase I), and install chlorination disinfection system at the wells (phase I).*

PROJECT STATUS: Under contract. Working on completing start-up conditions. Phase I is in design.

NAME OF PROJECT	**Dayton/Lake County Water and Sewer District**	
PROJECT TYPE	New Wastewater System	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$2,066,100	WRDA Grant
	$1,879,500	STAG Grant
	$ 533,400	RD Loan
	$ 5,000	District In-Kind
TOTAL	$5,334,000	

PROJECT SUMMARY: The lack of centralized wastewater system in Dayton has resulted in the following problems; local flooding, which often occurs over existing septic drain fields, causes sewage to mix with flood waters and spread throughout the community, before draining into the Lake; subsurface septic tanks are often not working properly due to site conditions; groundwater used for drinking water supply has been contaminated, or will become contaminated in the future; and the potential exists for contaminating Flathead Lake. *The proposed project would construct a collection system consisting of about 15,000 feet of pipe and two lift stations and construct a facultative lagoon system with disinfection and disposal by spray irrigation.*

PROJECT STATUS: Not under contract. Not expected to meet start up conditions due to funding issues.

NAME OF PROJECT	**Town of Ekalaka**	
PROJECT TYPE	Water and Wastewater System Improvements	
FUNDING	$ 706,369	TSEP Grant
	$ 450,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 156,369	RD or SRF Loan
TOTAL	$1,412,738	

PROJECT SUMMARY: The town's water and wastewater systems have the following deficiencies: the control panel of the main lift station has malfunctioned and caused sewage backups into some homes in the area; the single-pump lift station has had electrical and float system problems and has caused sewage to back up and flow into Russell Creek; the sewer along the Main Street corridor was installed at less than the minimum grade, requires an additional manhole, and the sewer pipe walls are peeling; and the water main along Main Street corridor and out to the reservoirs has had a number of water breaks due to aging cast iron lines. *The proposed project would replace approximately 3,650 feet of water main, replace approximately 1,800 feet of sewer line, replace the single pump lift station, and update the controls at the main lift station.*

PROJECT STATUS: In construction, anticipated to be completed by the end 2008.

NAME OF PROJECT	**Elk Meadows Ranchettes County Water District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 410,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 475,000	SRF Loan
TOTAL	$ 985,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: an inadequate supply of water for domestic and fire protection needs; an inability to provide adequate water during high demand periods and no redundancy provided by the wells; water shortages can occur if one well is out during periods of high demand; adequate water rights to meet existing and anticipated maximum demands are lacking; the water supply is corrosive and has violated regulatory standards for copper; part of the distribution system is undersized; there are no meters on service connections; modeling indicates that the undersized lines cannot provide adequate flow volume for fire protection; the upper pressure zone water storage tank lacks adequate volume for fire suppression design storage needs; the primary storage tank has been drained during high demand periods; and the existing system does not have provisions for auxiliary power. *The proposed project would drill one and, if necessary, two new wells, install second booster pump in upper pump station, install aeration equipment for corrosion control, loop mains and replace a portion of the existing undersized mains, install service meters, expand the middle storage tank, and upgrade the foundation for the upper storage tank.*

PROJECT STATUS: Under construction, anticipated to be completed in 2008 or 2009.

NAME OF PROJECT	**Town of Fairfield**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$1,000,000	STAG Grant
	$ 641,200	SRF Loan
TOTAL	$2,391,200	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: sewer backups occur on a regular basis; infiltration and inflow into the collection system and outfall piping create hydraulic overloading of the sewer mains and treatment facility; partially treated wastewater is apparently entering the shallow aquifer; seepage is occurring into the lagoon; the existing treatment system does not satisfy current DEQ design standards for detention time, leakage limits and biological oxygen demand (BOD) removal; the treatment facility has reported a number of permit violations over the previous 10 years; it does not appear that the existing system can adequately treat BOD or total suspended solids (TSS) to meet the impending DEQ discharge permit; and effluent disinfection may be required in the next DEQ permit. *The proposed project would re-construct the existing single-cell facultative lagoon with a three-cell aerated lagoon and ultraviolet disinfection, rehabilitate the remaining 66% of the outfall piping using cured-in-place pipe (CIPP) techniques, and perform televised inspections of the collection system and rehabilitate or replace sewer mains, if funds are a available.*

PROJECT STATUS: Contract signed, but has not met other stat-up conditions. Requested a reduce scope of work, which is being evaluated.

NAME OF PROJECT	**Fergus County**	
PROJECT TYPE	Bridge System Improvements	
FUNDING	$ 238,362	TSEP Grant
	$ 115,362	Local Funds
	$ 123,000	Local In-Kind
TOTAL	$ 476,724	

PROJECT SUMMARY: The Cottonwood Creek Bridge deficiencies include: inadequate bridge rail and end treatments; extreme wear, decay and section loss of the timber deck planks; corrosion and pitting of steel stringers and truss members; decayed, bulging, and loose timber backwall planks the east abutment; limited sight distance at both approaches; and scour damage around the columns of the intermediate pier. *The proposed project would replace the existing bridge with a new precast, prestressed, bulb-tee superstructure on a steel pile foundation.*

PROJECT STATUS: Under construction.

NAME OF PROJECT	**City of Fort Benton**	
PROJECT TYPE	Storm Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 778,000	SRF Loan
	$ 36,679	Local Funds
TOTAL	$1,564,679	

PROJECT SUMMARY: The city's storm water system has the following deficiencies: drainage grates at several intersections are too low causing potential safety and nuisance problems; surface runoff is ponding in the streets resulting in failure of adjacent street sections; there are 10 locations with 16 inlets where storm water is diverted directly into the sanitary sewer system, which is a violation of the DEQ standards; the added flow into the sanitary sewer system reduces the capacity of the existing lagoon and increases lift station pumping costs; the storm water inflow has overloaded the sanitary sewer system in the past and caused flooding of basements; the storm water inflow reduces the capacity of the sanitary sewer collection and treatment facilities and may prevent future development; flooding conditions exist at surface drainage ditches

during spring runoff; and inadequate drainage facilities can result in standing water or icy streets, which creates the possibility of drowning, breeding grounds for mosquitoes, or slips and falls. *The proposed project would install new storm drain piping in the 10 areas that currently have storm drain inlets connected to the sanitary sewer system, install new storm drains on 21st Street to eliminate the open ditch currently being utilized, and correct other associated runoff problems in this area.*

PROJECT STATUS: Under construction, anticipated to be completed by the end of 2008.

NAME OF PROJECT	**Goodan-Keil County Water District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 532,250	TSEP Grants
	$ 100,000	RRGL Grants
	$ 38,150	Local Funds
	$ 475,000	SRF Loan
TOTAL	$1,145,400	

PROJECT SUMMARY: The district's water system has the following deficiencies: the existing 40,000-gallon concrete storage tank is grossly undersized for operational and fire needs; the district's existing booster station is unreliable and inefficient due to its dependency on a rotary phase converter; pipe failures and repairs are increasing in frequency and the ability to isolate individual wells is limited by the district's well field piping gallery; the original pipe installation from the well field to the booster station is undersized, of poor quality, the routing introduces significant frictional losses, and a series of ruptures have occurred which resulted in out-of-water situations; the casing on one of the district's supply wells protrudes only six inches above surrounding grade – less than the 18 inches required by DEQ standards; the spacing between fire hydrants on the existing distribution system makes it difficult for the local fire department to get water quickly to all residences within the district; and the individual water meters on the system are suspected of becoming increasingly inaccurate and are read manually, which introduces error and consumes significant time during reading and billing. *The proposed project would replace the existing 40,000-gallon tank with a new 150,000-gallon concrete storage tank, install approximately 2,000 feet of three-phase conductor wire and convert the existing booster station to three-phase power, replace well field piping and install proper valves and fittings, replace approximately 2,000 feet of existing supply piping from the well field to the booster station with properly sized pipe utilizing an existing carrier pipe beneath Interstate 90 to reduce frictional losses, elevate the casing for well #3 to at least 18 inches above surrounding grade, install seven new hydrants and isolation valves throughout the distribution system, and install new meters with remote-read capabilities and automated billing software.*

PROJECT STATUS: Under construction, anticipated to be completed by the end of 2008.

NAME OF PROJECT	**City of Hamilton**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 450,000	CDBG Grant (?)
	$1,000,000	STAG Grant (?)
	$1,742,000	SRF Loan
	$ 100,000	RRGL Grant
	$ 625,000	Local Funds
TOTAL	$3,182,000	

PROJECT SUMMARY: the city's wastewater system has the following deficiencies: the mechanical bar screen at the treatment plant is worn and in disrepair; there is insufficient thickening capacity at the plant; the bisolids dewatering facilities have reached their capacity; electrical service entrance equipment and standby generator are worn and undersized; use of potable city water for treatment processed is a waste of resources and energy; and wastewater pumping stations are not incorporated into the radio telemetry alarm system. *The proposed project would install an new mechanical bar screen, install a second dissolved air flotation thickener unit, install additional vacuum biosolids dewatering, replace the existing*

engine generator and electrical service entrance equipment, install a non-potable water pumping station, and install radio based telemetry stations at each wastewater pumping station.

PROJECT STATUS: Construction expected to being early 2009; still seeking grants to replace loan dollars already committed.

NAME OF PROJECT	**Gallatin County on Behalf of Hebgen Lake Estates**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 850,000	STAG Grant
	$1,069,000	SRF Loan
TOTAL	$2,769,000	

PROJECT SUMMARY: the Hebgen Lake Estates wastewater system has the following deficiencies: the lift station pumps are old and the electrical controls are outdated; the lagoon liner is leaking at a rate of 2.4 million gallons per year; nitrate levels in monitoring well #3 consistently exceed the water quality standard; the blowers and aeration piping have failed; the aeration building is in poor condition; the single-cell lagoon does not meet current design standards; and the perimeter fence is in disrepair. *The proposed project would construct a new lift station, raise 20 collection system manholes to grade and replace lids, and construct a new wastewater treatment facility consisting of a facultative pond, a storage pond and disposal by crop irrigation.*

PROJECT STATUS: No start-up conditions met.

NAME OF PROJECT	**Jefferson County**	
PROJECT TYPE	Bridge System Improvements	
FUNDING	$ 295,800	TSEP Grant
	$ 15,000	Local Funds
	$ 280,800	Local Funds
TOTAL	$ 591,600	

PROJECT SUMMARY: The Lump Gulch Bridge, Sloan's Lane Bridge, High Valley Road Bridge, Forcella Road Bridge, Parrot Castle Road Bridge, and KG Ranch Bridge have a variety of deficiencies. *The project consists of replacing all six existing bridges.*

PROJECT STATUS: Under construction.

NAMEOF PROJECT	**Town of Jordan**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 700,000	TSEP Grant
	$ 450,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 142,953	SRF Loan
	$ 15,000	Local Funds
TOTAL	$1,407,953	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: the wastewater facility will be unable to comply with permitted discharge limits from DEQ by their April 1,2009 deadline; the lagoon embankments have extensive erosion from wind and ice formations; the control structures for routing wastewater between the lagoon cells are either significantly deteriorated or altogether inoperable and the original construction materials for the control structure are not compliant with current standards; an overflow in the wet well of the lift station discharges raw sewage to Big Dry Creek during power outages in direct violation of the Montana Water Quality Act; the wet well/dry well design of the lift station presents a health and safety hazard to Town personnel by creating a confined space in the dry well; the lift station itself is aged and nearing

the end of its useful life; large sections of the collection system were originally constructed with slopes and pipe diameters that are less than the minimums required by current standards; and four damaged areas of the collection system have been documented. *The proposed project would reconfigure and reconstruct the existing lagoon system into a three-cell facultative lagoon that is properly sized to enhance treatment including the continued discharge of treated wastewater to Big Dry Creek, construct a new lift station with submersible pumps and an aboveground control building, and replace four damaged sections of the collection system.*

PROJECT STATUS: In construction, anticipated to be completed by the end 2008.

NAME OF PROJECT	**City of Laurel**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$3,882,500	SRF Loan
TOTAL	$4,632,500	

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: the Main/Elm Street lift station is about 40 years old and in need of some updating and repair; the Village Sub lift station is about 20 years old and in need of some updating and repair; the treatment plant grit removal and headworks are aging, have some safety issues, and better technology is currently available; primary clarifier piping is inadequate during hydraulic surges and causes some operational problems; plant water supply system is inadequate for plant use and building fire protection; the secondary rotating biological contactor treatment system does not have adequate redundancy to allow for year round maintenance and may not have adequate treatment capacity to meet future flows; and the disinfection system at the treatment plant is not adequate to meet anticipated future discharge permit requirements. *The proposed project would replace the Main/Elm Street lift station, rehabilitate the Village Sub lift station, rehabilitate the grit removal and headworks facilities, improve the hydraulics of the primary clarifiers, improve the plant water systems to allow for process water and fire protection, and expand the existing rotating biological contactor system.*

PROJECT STATUS: In construction, anticipated to be completed by the end 2008.

NAME OF PROJECT	**Loma County Water and Sewer District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$1,200,000	STAG Grant
	$ 144,700	SRF Loan
TOTAL	$2,194,700	

PROJECT SUMMARY: The district's water system has the following deficiencies: the small diameter, glued-joint PVC piping in the system is failing at the rate of 50 to 100 leaks per year; the storage tank is over 25 years old and has never been recoated; the district does not have water meters; lack of a pre-sedimentation basin at the treatment plant to reduce turbidity levels in the raw water; the clarifier and filter and the filter at the treatment plant are in poor condition, the plant does not provide adequate backwashing velocities to the filter, and there are numerous deficiencies with plant valve, piping and control components; and the plant's finished water marginally meets the requirements of the stage one disinfection byproducts rule, the plant will need to comply with the stage two microbial/disinfection byproducts rule by 2014 and will eventually need to comply with the long term two enhanced surface water treatment rule. *The proposed project would install about 240,000 feet of plowed-in high density polyethylene piping, re-coat the storage tank, and install service connection meters.*

PROJECT STATUS: No start-up conditions have been met. Re-applied for a TSEP grant in 2008, since it does not anticipate meeting start-up conditions by the June 30, 2009 deadline.

NAME OF PROJECT	**Madison County**	
PROJECT TYPE	Bridge System Improvements	
FUNDING	$ 370,100	TSEP Grant
	$ 353,314	Local Funds
	$ 16,786	Local In-Kind
TOTAL	$ 740,200	

PROJECT SUMMARY: The Coy Brown Bridge, the Cherry Creek Bridge, the South Boulder Bridge, and the Bear Creek Bridge have a variety of deficiencies. *The project consists of replacing all four existing bridges.*

PROJECT STATUS: The Coy Brown Bridge, Cherry Creek Bridge, and South Boulder Bridge under construction. The Bear Creek Bridge is in design.

NAME OF PROJECT	**Town of Manhattan**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 600,000	TSEP Grant
	$ 115,000	RRGL Grant
	$ 395,000	SRF Loan
	$ 117,000	Local Funds
TOTAL	$1,227,000	

PROJECT SUMMARY: The town's water system has the following deficiencies: undersized distribution lines, no storage facilities, potential for backflow, insufficient fire flow, insufficient security at the chlorination house, no automated backip power at three of the wells, and no water meters at individual services. *The proposed project would install telemetry and backup power at each source, fence the chlorination house, and install approximately 700 service meters with backflow prevention devices for all users.*

PROJECT STATUS: Under contract. Working on completion of remaining start-up conditions.

NAME OF PROJECT	**Mineral County/Saltese Water and Sewer District**	
PROJECT TYPE	New Wastewater System	
FUNDING	$ 390,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 424,000	CDBG Grant
	$ 45,800	SRF Loan
TOTAL	$ 959,800	

PROJECT SUMMARY: The lack of a centralized wastewater system in Saltese has resulted in the following deficiencies: it is difficult or impossible to find sufficient space to locate replacement drainfields and maintain the proper separation between property boundaries and individual drinking wells; groundwater is very shallow and could be susceptible to contamination; the existing septic tanks and drainfields, in some cases, are submerged in groundwater or at the water table elevation; many of the older septic tanks are suspected to be leaking; and the county will not allow development utilizing on-site septic systems on vacant lots less than 0.5 acre. *The proposed project would construct a standard gravity collection system consisting of about 5,300 feet of eight-inch PVC sewer main and service lines, and manholes, bore under Interstate 90 with one gravity sewer pipe, construct a raw sewage lift station, install a common septic tank with discharge of effluent to groundwater via a dosed drainfield at the treatment and disposal site, and abandon all existing septic tanks.*

PROJECT STATUS: No start-up conditions have been met.

NAME OF PROJECT	**Town of Neihart**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 223,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 100,000	CDBG Grant
	$ 25,000	Local Funds
TOTAL	$ 448,000	

PROJECT SUMMARY: The town's water system has the following deficiencies: the O'Brien Creek main, which consists of 113 year-old cast iron pipe with caulked lead joints and is buried only two to four feet deep, has had frequent breaks; the O'Brien Creek main is fully exposed where it crosses Belt Creek and is susceptible to freezing and flood damage; and the treatment plant has often been in violation of turbidity limits because of sudden changes in raw water quality. *The proposed project would replace 4,200 feet of the O'Brien Creek main and modify the controls and chemical feet at the treatment plant by purchasing and installing an ion sensor and paced chemical metering pump.*

PROJECT STATUS: No start-up have been conditions met.

NAMEOF PROJECT	**North Valley County Water and Sewer District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$1,609,000	RD Loan
TOTAL	$2,459,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: frequent water main breaks – 22 breaks have occurred since 1993; both small and large water breaks are difficult to find because the as-built drawings of the system disappeared upon base closure; several hydrant and valve repairs – 18 repairs since 1993; several dozen service line breaks since 1992; isolation difficulty on the mains and services because one curb stop serves up to four housing units and not all units in a building are occupied year-round; increased flows to the wastewater treatment pond due to basement flooding; water meters area difficult to access; and no supervisory control and data acquisition system, commonly known as SCADA, available to monitor the elevation in the reservoirs. *The proposed project would replace mains, hydrants and valves in two of the more highly populated areas of St. Marie.*

PROJECT STATUS: Under construction, with completion anticipated in 2009.

NAME OF PROJECT	**Town of Pinesdale**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 450,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 251,918	RD Grant
	$1,082,620	RD Loan
TOTAL	$2,634,538	

PROJECT SUMMARY: The town's water system has the following deficiencies: inadequate fire protection; inadequate water storage; lack of fire hydrants; undersized mains to supply water to fire hydrants; lack of water meters leading to high usage; dead-end water mains; and the distribution system experiences pressure extremes. *The proposed project would remove the existing southwest tank, install a new tank adjacent to the existing water treatment plant, install pressure-reducing valves throughout the distribution system, install a water line from the new tank to the location of the existing southwest tank, install meters, and add three new*

hydrants to the system.

PROJECT STATUS: In design.

NAME OF PROJECT	**City of Polson**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$1,072,750	SRF Loan
TOTAL	$1,922,750	

PROJECT SUMMARY: The city's water system has the following deficiencies: an insufficient water supply to meet future growth; deteriorated and undersized mains in the downtown area; insufficient storage in the upper and middle pressure zones; low pressures have occurred near existing storage tanks where adequate pressure head is not available; two of the existing water storage tanks have severe concrete deterioration including spalling concrete, exposure of rebar, and exhibit the potential for complete failure; insufficient water supply for fire protection in the are around the high school; and insufficient pressures, quantities and hydraulic restrictions that inhibit the ability to supply fire protection to businesses. *The proposed project would construct a new 500,000-gallon concrete tank to replace the existing deteriorated tanks, upgrade existing mains and construct a booster station within the Mission View area, construct a main connecting a new hydrant to an existing 12-inch main to immediately supplement the available fire flows of existing hydrants in the area of the high school.*

PROJECT STATUS: All but one start up condition met; the city is not in compliance with audit requirements, but it is being worked on.

NAME OF PROJECT	**Powell County**	
PROJECT TYPE	Bridge System Improvements	
FUNDING	$ 263,074	TSEP Grant
	$ 162,698	Local Funds
	$ 18,903	Local In-Kind
	$ 81,473	Private Funds
TOTAL	$ 526,148	

PROJECT SUMMARY: The Old Stage Road Bridge, the West River Road Bridge, the Yellowstone Trail Bridge (over Racetrack Creek), and the Yellowstone Trail Bridge (over the Branch Irrigation Ditch) have a variety of deficiencies. *The project consists of replacing all four existing bridges.*

PROJECT STATUS: Under construction.

NAME OF PROJECT	**Power-Teton County Water and Sewer District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 604,286	TSEP Grant
	$ 100,000	RRGL Grant
	$ 245,000	WRDA Grant
TOTAL	$ 949,286	

PROJECT SUMMARY: the district's water system has the following deficiencies: dead end distribution lines that cannot be adequately flushed and cleaned; large areas of the distribution system have to be shut down during repair operations; deteriorated pavement due to construction of the first two phases of the project; undersized mains that are at the end of their service life and do not provide adequate fire flows; and elevated total organic carbon in raw water with taste and odor problems and the potential for the formation of trihalomethanes and haloacetic acids. *The proposed project would install approximately 2,500 feet of six-inch water main and approximately seven new fire hydrants to complete system looping, install approximately*

5,300 feet of pipe in the Hill Avenue Area and eliminate all dead end lines along Central Avenue and 1st Street, install fencing and the re-sedimentation basin, rehabilitate pavement from earlier distribution improvements, install approximately 9,200 feet of transmission main, and add a granular activated carbon filter.

PROJECT STATUS: In design.

NAME OF PROJECT	**RAE Subdivision County Water and Sewer District No. 313**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 450,000	CDBG Grant
	$ 100,000	RRGL Grant
	$ 140,301	SRF Grant
	$ 167,750	Local Funds
TOTAL	$1,608,051	

PROJECT SUMMARY: The district's water system has the following deficiencies: lack of water storage; lack of centralized control system for the individual wells; inability to provide flows sufficient for fire protection; the distribution system within a portion of the system is undersized and leaks; and insufficient supply to meet peak hour demand when the largest well is out of service. *The proposed project would construct a new 380,000-gallon water storage tank, add a supervisory control and data acquisition system, install a new eight-inch water main throughout the undersized portion of the system, and install new water lines from the two main wells to the storage tank.*

PROJECT STATUS: Contract signed, but no other start-up conditions have been met.

NAME OF PROJECT	**City of Red Lodge**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$4,304,715	RD Loan
	$ 337,500	STAG Grant
	$ 92,000	Local Funds
TOTAL	$5,584,215	

PROJECT SUMMARY: The city's water system has the following deficiencies: undersized and aged distribution lines; insufficient storage; potential water shortage during peak flow or fire flow conditions; insufficient number of hydrants; significant leakage in the distribution system and in the transmission lines; and the potential for contamination because a loss of system feed pressure at the plant could create negative pressures in the transmission lines. *The proposed project would replace about 9,100 feet of undersized mains, install a 300,000-gallon concrete storage tank at the water treatment plant, install nine new fire hydrants and upgrade four hydrants, and replace about 9,800 feet of transmission line.*

PROJECT STATUS: Under construction.

NAME OF PROJECT	**Seeley Lake-Missoula County Water District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 240,000	WRDA Grant
	$ 3,000	Local
	$2,721,000	SRF Loan
TOTAL	$3,814,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: the current peak water demands exceed the capacity of the existing water distribution system to maintain the minimum system pressures; available fire flows are inadequate through out the system as a result of undersized transmission main from the treatment facility to the main part of the community; the system storage is inadequate to meet the minimum fire requirements; and the system experiences excessive levels of disinfection by-products. *The proposed project would construct a new 500,000-gallon water storage tank, construct a new high-service pump station to deliver water to the new tank, replace the 12,000-foot water transmission line between the treatment facility to the main part of the community, install about 3,000 feet of distribution mains, install three additional hydrants, and modify the disinfection process by installing a chloramine system to reduce the levels of disinfection by-products.*

PROJECT STATUS: Bids are being reviewed, construction anticipated to begin in 2009.

NAME OF PROJECT	**City of Shelby**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 650,000	SRF Loan
TOTAL	$1,500,000	

PROJECT SUMMARY: The city's water system has the following deficiencies: original water lines are deteriorating, resulting in leaks and major breaks; undersized and dead-end distribution lines; a well field is in the floodplain of the Marias River; and shallow wells that are susceptible to contamination. *The proposed project would replace approximately 2,900 feet of aged and undersized water main with larger pipe in the 4th Avenue North connector, replace approximately 3,500 feet of aged and undersized water main with larger pipe in the core area of town, install approximately 3,000 feet of new water main to loop dead-end lines, and construct a 100-foot radius impervious surface around wells and seal casings.*

PROJECT STATUS: Under construction.

NAME OF PROJECT	**Town of Sheridan**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 560,000	RD Grant
	$1,140,000	RD Loan
TOTAL	$2,550,000	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: the wastewater discharge exceeds the permitted biochemical oxygen demand (BOD) concentrations; solids are forming in the discharge channel; wastewater leaks through the north embankment of the lagoon; wastewater appears to leak through the pond bottom in excess of DEQ standards; the lagoon is severely biologically and hydraulically overloaded; the outlet weir structure is deteriorated resulting in inaccurate flow measurements; the existing lagoon is severely undersized for the town's expansion; the existing lagoon property lacks room for replacement or expansion; and the collection system experiences a significant increase in groundwater infiltration during the summer months, which exacerbates the treatment overloading problem. *The proposed project would rehabilitate about 7,000 feet of sewer main by relining the pipe and acquire additional land and construct a new three-cell, aerated lagoon.*

PROJECT STATUS: Under contract. Town had to hire new engineering firm. Working on completing start-up conditions.

NAME OF PROJECT	**Stillwater County**	
PROJECT TYPE	Bridge System Improvements	
FUNDING	$ 407,500	TSEP Grant
	$ 407,500	Local Funds
TOTAL	$ 815,000	

PROJECT SUMMARY: The Red Bridge and the Phelps Bridge have a variety of deficiencies. *The project consists of replacing both existing bridges.*

PROJECT STATUS: Under construction.

NAME OF PROJECT	**Sunny Meadows – Missoula County Water and Sewer District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 325,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 64,500	Local Funds
	$ 178,000	SRF Loan
TOTAL	$ 667,500	

PROJECT SUMMARY: The district's water system has the following deficiencies: wells do not provide enough capacity and the district runs out of water in the summer; storage quantity is insufficient for operational and fire flow demand; booster station is substandard resulting in the potential for backflow contamination; a portion of the storage tank is not useable due to the booster station piping configuration; joints at top of concrete walls of tank may be allowing contamination into tank; a portion of the water meters (22 out of 53) are old and not compatible with newer meters; inadequate fire flows in the distribution system; miscellaneous pump, valve and alarm problems; and the combination of storage and booster deficiencies increases the likelihood of backflow contamination. *The proposed project would construct new 125,000-gallon storage tank, install new booster station, replace approximately 22 water meters, install new pumps in water wells, install new water system control and alarms, and replace miscellaneous valve house components.*

PROJECT STATUS: Under construction, nearing completion.

NAME OF PROJECT	**Town of Superior**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 600,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 297,532	SRF Loan
	$ 238,500	Local Funds
TOTAL	$1,236,032	

PROJECT SUMMARY: The town's water system has the following deficiencies: widespread use of old and undersized water mains, not capable of carrying adequate flows for fire protection and limited service for domestic needs; a portion of the town has not fire protection; inadequate storage for fighting large fires; and unaccounted water losses in the system with much of the leakage suspected to originate from the old mains and services. *The proposed project would replace approximately 6,000 feet of older undersized mains in five locations throughout the community and install new hydrants, valves and other appurtenances.*

PROJECT STATUS: In design.

NAME OF PROJECT	**Sweet Grass County**	
PROJECT TYPE	Bridge System Improvements	
FUNDING	$ 141,193	TSEP Grant
	$ 109,425	Local Funds
	$ 42,068	Local In-Kind
TOTAL	$ 302,986	

PROJECT SUMMARY: The Dry Creek Bridge, the Glaston Lake Road Bridge, the Otter Creek Bridge, the Stephens Hill Bridge, the Tony Creek Bridge, and the Wheeler Creek Bridge have a variety of deficiencies. *The project consists of replacing all six existing bridges.*

PROJECT STATUS: Under construction.

NAME OF PROJECT	**Tri-County Water District**	
PROJECT TYPE	Water System Improvements	
FUNDING	$ 313,500	TSEP Grant
	$ 100,000	RRGL Grant
	$ 213,500	Local Funds
TOTAL	$ 627,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: they system does not meet DEQ standards for groundwater systems, which requires a minimum of two water sources be available to provide redundancy in case of the loss of a source; the system does not meet DEQ standards that require that the total developed groundwater source capacity shall be equal to or exceed the design maximum day demand with the largest producing well out of service; water levels in the well drop to just a few feet above the collector laterals during drought periods and in the early spring; the existing system is undersized for peak demands and operating pressures do not meet minimum DEQ required pressures for all portions of the distribution system; and portions of the system run out of water completely during peak demand periods. *The proposed project would construct an additional infiltration gallery, wet well and pump house to provide additional supply capacity and redundant water supply, replace approximately 20,000 feet of undersized distribution system piping, and install a new booster station to provide sufficient pressures at a high point in the system.*

PROJECT STATUS: Construction anticipated Spring 2009.

NAME OF PROJECT	**Town of Twin Bridges**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$ 450,000	CDBG Grant
	$2,013,750	RD Grant
	$ 671,250	RD Loan
	$ 70,000	Local Funds
TOTAL	$4,055,000	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: marginally treated wastewater is being discharged to surface waters because of inadequate detention time at existing flows; disinfection is not presently provided, bit is anticipated to be required with any discharging facility in future permit requirements; the existing discharge does not meet the water quality standards for ammonia; the town will exceed the non-degradation limits with any more growth or improved treatment; and about two blocks of collection main have inadequate slopes that result in standing water in the main. *The proposed project would add a lined storage lagoon to the existing facultative lagoon, install a spray irrigation system, and replace approximately 1,200 feet of sewer main, four manholes, two sewer cleanouts on Ninth Avenue and add auto-dialers to the satellite lift stations.*

PROJECT STATUS: Under contract. Working on completing start-up conditions.

NAME OF PROJECT	**City of Whitefish**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 100,000	RRGL Grant
	$2,211,000	SRF Loan
	$ 687,000	Local Funds
TOTAL	$3,748,000	

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: an inefficient and dangerous pretreatment process consisting of a manually-cleaned bar screen in a confined space; the inability to bypass the main lift station for necessary wetwell cleaning and maintenance; lack of redundancy in the phosphorous removal process; and various deficiencies including the main lift station capacity, the condition of the existing flocculating clariflier and the effluent diffuser, biosolids disposal, and eroded dikes. *The proposed project would construct a new building adjacent to the main lift station that will house an automated rotary screen pretreatment process, install a new basin downstream of the new screening system that will be plumbed for use in bypassing the main lift station to allow for inspection, cleaning and maintenance of the wetwell, and construct another flocculating clarifier.*

PROJECT STATUS: Under construction.

NAME OF PROJECT	**Town of Whitehall**	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	$ 750,000	TSEP Grant
	$ 450,000	CDBG Grant
	$ 820,500	STAG Grant
	$1,161,600	SRF Loan
	$ 100,000	RRGL Grant
	$ 180,000	Local Funds
TOTAL	$3,462,100	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: the existing facultative lagoon system is severely undersized and does not meet DEQ standards for discharging facultative lagoons; the lagoons leak approximately 10 to 12 times the DEQ standard resulting in a discharge of inadequately treated wastewater into the groundwater aquifer; the existing discharge does not meet existing water quality standards for ammonia, resulting in ammonia toxicity in the receiving water at low flow conditions; the existing discharge cannot meet the anticipated total maximum daily load (TMDL) allocation for Big Pipestone Creek; four storm water inlets connected to the sanitary sewer collection system have been identified resulting in inflow sources to the sewer system; the wastewater treatment system is under capacity for the existing flows, and therefore, cannot accommodate new residential development; excess sludge has accumulated in the lagoons, which reduces the treatment capacity of the lagoons and results in discharge of inadequately treated wastewater; and old clay tile mains and a transmission main are deteriorated allowing groundwater to enter the system. *The proposed project would replace the existing treatment system with a facultative lagoon, storage lagoon, and slow rate land application system, install liners in the new lagoons, install storm sewer improvements to move the four storm water inlets from the gravity sewer collection system to the storm sewer collection system, rehabilitate four sections of collection main, and video inspect and clean approximately 15,000 feet of the original clay tile main system and renovate the mains through a combination of lining and spot repairs.*

PROJECT STATUS: Contract is signed, but no other start-up conditions have met.

APPENDIX D

TSEP PRELIMINARY ENGINEERING GRANTS AWARDED BY THE DEPARTMENT DURING THE 2009 BIENNIUM

Grant Recipient	Project Type	TSEP Grant Amount	PER Completed
Broadview, Town of	Water system	$15,000	Yes
Beaverhead County	Bridge system	$15,000	Yes
Big Sandy, Town of	Water system	$15,000	In progress
Boulder, City of	Wastewater system	$15,000	In progress
Blaine County	Bridge system	$8,250	Yes
Big Timber, Town of	Water system	$15,000	Yes
Big Sky W&S District	Wastewater system	$15,000	In progress
Choteau, City of	Wastewater system	$15,000	Yes
Custer County	Bridge system	$9,500	Yes
Crow Tribe	Water and wastewater system	$15,000	In progress
Eureka, Town of	Water system	$15,000	Yes
Ennis, Town of	Water system	$15,000	Yes
Essex W&S District	Water system	$15,000	In progress
Em-Kayan Village Water District	Water system	$15,000	Yes
Fergus County	Bridge system	$15,000	Yes
Fallon County - N. Baker W&S District	Water and wastewater system	$15,000	Yes
Ft Peck Tribe	Wastewater system in Fraser	$15,000	In progress
Gore Hill W&S District	Water system	$15,000	Yes
Gildford W&S District	Wastewater system	$15,000	Yes
Greenacres W&S District	Water system	$15,000	Yes
Happy Valley W&S District	Water system	$15,000	Yes
Hardin, City of	Wastewater system	$15,000	Yes
Homestead Acres W&S District	Water system	$15,000	Yes
Jefferson County	Bridge system	$15,000	Yes
Lewis&Clark County	Bridge system	$15,000	Yes
Livingston, City of	Solid waste system	$15,000	Yes
Madison County	Bridge system	$15,000	Yes
Melstone, Town of	Water system	$15,000	Yes
Nashua, Town of	Water system	$13,250	Yes
Pablo W&S District	Water system	$15,000	In progress
Poplar, Town of	Water system	$15,000	Yes
Powell County	Bridge system	$15,000	Yes
Rudyard W&S District	Wastewater system	$10,000	Yes
Ravalli County	Bridge system	$15,000	Yes
RAE W&S District	Wastewater system	$15,000	In progress
Shelby, City of	Wastewater system	$15,000	Yes
St. Ignatius	Water system	$15,000	Yes
Stillwater County	Bridge system	$15,000	Yes
Sweet Grass County	Bridge system	$15,000	Yes
Valier, Town of	Water system	$15,000	Yes
Wapiti Acres W&S District	Water system	$9,000	Yes
Winifred, Town of	Wastewater system	$10,000	Yes
	Total Amount Awarded	**$600,000**	

TSEP PRELIMINARY ENGINEERING GRANTS
AWARDED BY THE DEPARTMENT DURING THE 2007 BIENNIUM
FOR STUDIES THAT HAVE NOT YET BEEN COMPLETED

Grant Recipient	Project Type	TSEP Grant Amount	PER Completed
Miles City, City of	Wastewater system	$15,000	In progress
Woods Bay Homesites/Lake Co W&S District	Wastewater system	$15,000	In progress

TSEP PRELIMINARY ENGINEERING GRANTS
AWARDED BY THE DEPARTMENT DURING THE 2005 BIENNIUM
FOR STUDIES THAT HAVE NOT YET BEEN COMPLETED

Grant Recipient	Project Type	TSEP Grant Amount	PER Completed
Deer Lodge, City of	Wastewater system	$7,500	In progress